

**This document is important and requires your immediate attention.**

If you are in any doubt about the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000.

If you have sold or otherwise transferred all of your shares in the capital of Next Fifteen Communications Group plc, please send this document and the accompanying other documents, as soon as possible, to the purchaser or transferee or agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

# **Next Fifteen Communications Group plc**

## Notice of the 2015 Annual General Meeting and Chairman's explanatory letter

**NEXT15**

17 June 2015

## **Letter from the Chairman**

Dear Shareholder,

2015 Annual General Meeting

I enclose details of our thirty-third Annual General Meeting ('AGM'), which is to be held at the Company's offices at The Triangle, 5-17 Hammersmith Grove, London W6 0LG on Tuesday 14 July 2015 at 3.30 p.m. Our offices are very close to Hammersmith tube station (Piccadilly, District, and Hammersmith and City lines) (see map). I hope you will be able to join us, as it is a valuable opportunity for the Directors of the Company to meet Shareholders.

The notice of the AGM, containing the resolutions to be considered at the AGM, is set out on pages 4 to 6 of this notice ('Notice of AGM'), and this letter explains them more fully.

### **Annual Report and Financial Statements - Ordinary Resolution 1**

The business of the AGM will begin with a resolution to receive the financial statements for the 18-month period ended 31 January 2015 as well as the Directors' Report and Auditors' Report in respect of such financial statements.

### **Remuneration Policy - Ordinary Resolution 2**

Shareholders are asked to approve the Directors' Remuneration Report for the 18-month period ended 31 January 2015, which is set out on pages 25 to 30 of the Annual Report.

### **Final dividend - Ordinary Resolution 3**

This resolution seeks shareholder approval of the final dividend recommended by the Directors of 2.50p per ordinary 2.5p share. If approved, the dividend will be paid on 7 August 2015 to all shareholders registered at the close of business on 10 July 2015.

### **Election of Directors - Ordinary Resolutions 4 and 5**

The Company's Articles of Association require that any Director appointed by the Board must stand for election at the next Annual General Meeting. Peter Harris was appointed as an executive Director on 25 March 2014 and Genevieve Shore was appointed as a non-executive Director on 02 February 2015. Both Directors offer themselves for election by shareholders.

### **Retirement and re-election of Director - Ordinary Resolution 6**

Pursuant to the Company's Articles of Association, every year approximately one-third of the Directors retire by rotation, though they may offer themselves for re-election. This year, Tim Dyson retires as a Director by rotation and is seeking re-election.

### **Appointment of Auditors and authority to fix their remuneration - Ordinary Resolution 7**

During the period, BDO LLP resigned from the position of the Group's auditors. In accordance with section 489 of the Companies Act 2006 (the 'Act'), the Board appointed Deloitte LLP to fill the vacancy. A resolution to appoint Deloitte as the Company's auditors is proposed. The resolution also authorises the Directors to fix the auditors' remuneration.

### **Authority to allot shares - Ordinary Resolution 8**

This resolution is to provide for the Directors to have the authority to allot relevant securities. A similar authority to Resolution 8, which expired on 20 April 2015, was given at the last AGM. This resolution authorises the Directors to allot shares in the capital of the Company up to an aggregate nominal amount of £544,951.19 (being equal to approximately one-third of the issued ordinary share capital of the Company as at 12 June 2015). This limit is in line with the guidelines issued by The Investment Association ('IA').

The resolution also seeks authority for the Directors to allot up to two-thirds of the issued share capital of the Company in connection with a pre-emptive rights issue. The guidance issued by the IA recommends that if this additional authority is used and the amount raised in any rights issue is more than one-third of the Company's pre-issue market capitalisation, all Directors wishing to remain in office should stand for re-election at the next AGM of the Company, and the Board intends to follow this guidance.

The Directors have no present intention of exercising these authorities to allot relevant securities, except in connection with the Company's employee share schemes or as part of deferred considerations for recent acquisitions made by the Group. The authorities expire at the conclusion of the Company's next AGM, or, if earlier, 13 October 2016.

### **Approval of a new Long-Term Incentive Plan ('LTIP') – Ordinary Resolution 9**

During the year, the Remuneration Committee ('the Committee') commissioned a review to consider the design of a new LTIP, to replace the Company's current 2005 LTIP which expires on 30 June 2015. Following this review, the Committee proposes to implement a new share-based LTIP, the design of which has been driven by the following four principles: incentive plans should be used to reinforce a high performance culture; the interests of Directors and shareholders should be aligned as far as reasonably possible; total rewards should be market competitive; and the reward structure should be easily understood by all.

The new LTIP is a flexible 'omnibus' style plan, under which a number of different types of share-based incentive ('Awards') may be granted. This flexibility is important, given that the Company operates in a number of different jurisdictions, all with different market practices in the area of long term incentives. Notwithstanding this flexibility, it should be noted that:

- each Award will be made subject to the achievement of challenging performance conditions measured over a four-year period from its grant;
- the total value of Awards that may be granted to a participant each year will be subject to a limit of 100% of his or her basic annual salary.

One key aspect of the review undertaken by the Committee was to consider the potential cost to shareholders of adopting the new LTIP, particularly in terms of shareholder dilution. Taking into account the business-critical need to offer an effective long-term incentive for future years, and current best practice to adopt a considered annual grant policy, the Committee considers that it will be necessary to maintain the limit on potential shareholder dilution under the new LTIP at 20% of the issued share capital of the Company, as previously approved by shareholders in respect of the 2005 LTIP.

Awards will only be granted under the new LTIP to those key people who are best placed to improve the performance of the business. It is the Committee's view that the new LTIP will enhance the Company's ability to attract and retain key personnel and positively influence the future performance and success of the group.

A summary of the principal terms of the new LTIP is included in the Appendix to this document. Resolution 9 seeks the approval by shareholders of the new LTIP.

### **Disapplication of pre-emption rights – Special Resolution 10**

This resolution is to provide the Directors with power to allot relevant securities up to a maximum aggregate nominal value of £163,485 (representing approximately 10% of the issued ordinary share capital of the Company as at 12 June 2015) for cash without first having to offer them to shareholders in proportion to their existing holdings. In addition, in accordance with normal practice, the resolution will enable Directors to allot shares for cash in connection with a rights issue or open offers and in particular, to deal with overseas shareholders and fractional entitlements as they think fit.

This resolution is seeking authority that exceeds the relevant guidance issued by the Pre-emption Group (a group representing listed companies, investors and intermediaries) and the IA, which recommend a 5% limit. The Board is seeking the increased authority to give it more flexibility to fund small acquisitions. The limit sought is consistent with the practice adopted by other companies of a similar size with acquisitive growth strategies listed on AIM.

The power expires at the conclusion of the Company's next AGM or, if earlier, on 13 October 2016.

### **Authorisation for the Company to purchase its own shares – Special Resolution 11**

It is proposed that, in common with many quoted companies, the Company be given authority to make market purchases of its own shares. This authority will be limited to a maximum of 6,539,414 shares, being approximately 10% of the issued ordinary share capital as at 12 June 2015.

The Board will continue to monitor carefully the capital requirements of the Company and, although at present the Directors have no plans to buy back shares, it may consider it prudent to act at short notice if circumstances warrant. The Board will, however, make use of this authority only when satisfied that it would be in the best interests of the Shareholders and where the expected result of such purchase would be an increase in earnings per share.

The authority will expire at the conclusion of the Company's next AGM or on 13 October 2016, whichever is the earlier. The maximum price (exclusive of expenses) per ordinary share which can be paid on any occasion is limited to 105% of the average of the middle-market quotations, as derived from the London Stock Exchange's Daily Official List, for the five business days prior to the date on which the purchase is made.

The total number of unissued ordinary shares over which options, performance shares and conditional shares were outstanding as at 12 June 2015 was 5,219,922 which represents approximately 7.98% of the issued ordinary share capital of the Company as at 12 June 2015 and would represent approximately 10.48% of the Company's issued ordinary share capital if the maximum number of 6,539,414 ordinary shares were to be purchased by the Company pursuant to the authority given by this resolution 11.

Ordinary shares purchased by the Company pursuant to this authority may be held in treasury, and may then be cancelled, either immediately or at some point in the future, re-sold for cash or transferred in connection with the Company's employee share plans. The Board will only hold shares purchased pursuant to this authority where it believes this course to be in the best interests of the Company and its Shareholders.

#### **Action to be taken**

You will find enclosed a form of proxy for use by Shareholders entitled to attend and vote at the AGM. Whether or not you are able to attend the AGM you are requested to complete and sign the form of proxy in accordance with the instructions printed on it and to return it as soon as possible, so as to arrive at the Company's Registrars, Capita Asset Services, PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF not later than 48 hours prior to the AGM. Completion and return of the Form of Proxy will not preclude you from attending and voting at the AGM should you wish to do so.

#### **Recommendation**

The Directors believe that all of the proposals set out in the Notice of AGM are in the best interests of Shareholders. Accordingly, the Directors unanimously recommend Shareholders to vote in favour of the resolutions to be proposed at the AGM, as they intend to do so in respect of their own beneficial holdings. These in aggregate amount to 5,287,886 shares, representing approximately 8.09% of the issued ordinary share capital in the Company as at 12 June 2015.

I look forward to seeing you at the AGM.

Yours faithfully,



**Richard Eyre**  
Chairman

**NOTICE IS HEREBY GIVEN** that the thirty-third Annual General Meeting of Next Fifteen Communications Group plc (the 'Company') will be held at The Triangle, 5-17 Hammersmith Grove, London W6 0LG on Tuesday 14 July 2015 at 3.30 p.m. for the purpose of considering and, if thought fit, passing the following resolutions which will be proposed as Ordinary Resolutions, with the exception of resolutions 10 and 11, which will be proposed as Special Resolutions.

#### **Ordinary Resolutions**

1. To receive and consider the Company's financial statements for the 18-month period ended 31 January 2015 together with the Report of the Directors and the Report of the Auditors in respect of such financial statements.
2. To receive and approve the Directors' Remuneration Report for the 18-month period ended 31 January 2015.
3. To declare a final dividend for the 18-month period ended 31 January 2015 of 2.50p per ordinary share in the capital of the Company to be paid on 7 August 2015 to members whose names appear on the Register of Members of the Company as at the close of business on 10 July 2015.
4. To elect Peter Harris as a Director.
5. To elect Genevieve Shore as a Director.
6. To re-elect Tim Dyson as a Director who retires by rotation.
7. To appoint Deloitte LLP as auditors of the Company until the conclusion of the next general meeting at which accounts are laid before the Company and to authorise the Directors to fix their remuneration.

8. THAT in place of all existing powers, pursuant to section 551 of the Companies Act 2006 (the 'Act'), the Directors be and are generally and unconditionally authorised to exercise all powers of the Company to allot Relevant Securities:

- (a) comprising equity securities (as defined in section 560(1) of the Act) up to an aggregate nominal amount of £1,089,902 (such amount to be reduced by the aggregate nominal amount of Relevant Securities allotted pursuant to paragraph (b) of this resolution) in connection with rights issues to holders of ordinary shares in the capital of the Company in proportion (as nearly as may be) to the respective numbers of ordinary shares held by them, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with treasury shares, fractional entitlements, record dates, or legal or practical problems arising under or as a result of the laws of any territory or the requirements of any regulatory body or any stock exchange in any territory; and
- (b) otherwise than pursuant to paragraph (a) of this resolution, up to an aggregate nominal amount of £544,951 (such amount to be reduced by the aggregate nominal amount of Relevant Securities allotted pursuant to paragraph (a) of this resolution in excess of £544,951).

This authority shall expire (unless previously renewed, varied, or revoked by the Company in general meeting) at the conclusion of the next Annual General Meeting or on 13 October 2016, whichever is the earlier, save that the Company may before such expiry make an offer or agreement which would or might require Relevant Securities to be allotted after such expiry and the Directors may allot Relevant Securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

In this resolution, 'Relevant Securities' means:

- (a) shares in the Company other than shares allotted pursuant to (i) an employees' share scheme (as defined in section 1166 of the Act); (ii) a right to subscribe for shares in the Company where the grant of the right itself constituted a Relevant Security; or (iii) a right to convert securities into shares in the Company where the grant of the right itself constituted a Relevant Security; and
- (b) any right to subscribe for or to convert any security into shares in the Company other than rights to subscribe for or convert any security into shares allotted pursuant to an employees' share scheme (as defined by section 1166 of the Act). A reference to the allotment of Relevant Securities includes the grant of such a right; and a reference to the nominal amount of a Relevant Security which is a right to subscribe for or convert any security into shares in the Company is to the nominal amount of the shares which may be allotted pursuant to that right.

9. THAT:

- (a) the Next Fifteen Communications Group plc Long Term Incentive Plan 2015 ('the LTIP') a summary of which is set out in the explanatory notes to the Notice of Annual General Meeting dated 17 June 2015, be adopted and established and the Directors of the Company be and they are hereby authorised to do all acts, matters and things which they may consider necessary or desirable in order to carry the LTIP into effect, including the making of non-material or consequential amendments thereto; and
- (b) the Directors be and they are hereby authorised to establish further schemes based upon the LTIP to take account of local tax, exchange control or securities laws in overseas territories, provided that such other schemes shall count against any limits on individual or overall participation under the LTIP.

## Special Resolutions

10. THAT, subject to the passing of resolution 8 and in place of all existing powers, the Directors be and are hereby empowered pursuant to section 570 of the Act to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority conferred by resolution 8 as if sub-section (1) of section 561 of the Act did not apply to any such allotment, provided that this power is limited to:
- (a) the allotment of equity securities in connection with an offer of equity securities (but, in the case of an allotment pursuant to the authority granted by paragraph (a) of resolution 8, such power shall be limited to the allotment of equity securities in connection with a rights issue) to holders of ordinary shares in the capital of the Company in proportion (as nearly as may be) to the respective numbers of ordinary shares held by them, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with fractional entitlements, record dates, or legal or practical problems arising under or as a result of the laws of any territory or the requirements of any regulatory body or any stock exchange in any territory or the issue and/or transfer and/or holding of any securities in uncertificated form; and
  - (b) the allotment of securities (otherwise than pursuant to paragraph (a) above) having an aggregate nominal value not exceeding £163,485.

Such power shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or 13 October 2016 (whichever is the earlier), save that the Company may before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if the power conferred hereby had not expired.

11. THAT the Company be and is hereby authorised for the purposes of section 701 of the Act to purchase ordinary shares of 2.5p each ('ordinary shares') in the capital of the Company by way of market purchase (as defined in section 693(4) of the Act) on the London Stock Exchange upon and subject to the following conditions:

- (a) the maximum aggregate number of ordinary shares which may be purchased is 6,539,414; and
- (b) the minimum price (exclusive of expenses) which may be paid for such shares is 2.5p and the maximum price (exclusive of expenses) which may be paid is not more than 5% above the average of the middle-market quotations for ordinary shares taken from the London Stock Exchange Daily Official List for the five business days immediately before the date such purchase on which is made.

The authority hereby conferred shall expire at the conclusion of the next Annual General Meeting or on 13 October 2016, whichever is the earlier, provided that any contract for the purchase of any ordinary shares as aforesaid which was concluded before the expiry of the authority may be executed wholly or partly after the authority expires.

Registered Office: The Triangle, 5–17 Hammersmith Grove, London W6 0LG

BY ORDER OF THE BOARD

**Mark Sanford**  
Company Secretary

17 June 2015

**A Form of Proxy is enclosed with this Notice and instructions for use are shown on the form.**

Notes:

1. A member entitled to attend and vote at the Annual General Meeting ('Meeting') is also entitled to appoint a proxy or proxies to attend, speak and vote instead of him. A member may appoint more than one proxy in relation to the Meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A proxy need not be a member of the Company. A form of proxy is provided with this notice. Appointment of a proxy will not preclude a member from attending and voting in person at the Meeting.
2. Forms of proxy, if used (together with any power of attorney or other authority, if any, under which they are signed or notarially certified or in some other way approved by the Board), must be lodged with the Company's Registrars, Capita Asset Services, PXS1, 34 Beckenham Road, Beckenham BR3 4ZF not less than 48 hours before the Meeting (or any adjourned Meeting).
3. In the case of joint holders, the vote of the senior holder who tenders a vote shall be accepted to the exclusion of the votes of the other joint holders. Seniority shall be determined by the order in which the names of the holders stand in the Register of Members in respect of the joint holding.
4. Only holders of shares in the capital of the Company who are registered in the Register of Members 48 hours before the Meeting or any adjourned Meeting are entitled to attend and vote at the Meeting or any adjourned Meeting. Changes to entries on the Register of Members after such times shall be disregarded in determining the rights of any person to attend or vote at the Meeting.
5. Copies of the service contracts under which the Directors of the Company are employed by the Company or any of its subsidiaries (or a memorandum of the terms of such service contracts) and copies of the letters of appointment of the Non-executive Directors of the Company will be available for inspection at the registered office of the Company during normal business hours on any weekday (public holidays excepted) from the date of this Notice until the date of the Meeting and will also be available for inspection at the place of the Meeting for at least 15 minutes prior to such Meeting until its conclusion.
6. As at 5.30 p.m. on 12 June 2015, the Company's issued share capital comprised 65,394,143 ordinary shares of 2.5p each. Each ordinary share, carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 5.30 p.m. on 12 June 2015 is 65,394,143.
7. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Meeting and any adjournment(s) of the Meeting by using the procedures described in the CREST Manual. CREST personal members or other CREST-sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with CRESTCo's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's agent (ID RA10) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that CRESTCo does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions.

It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The CREST Manual can be reviewed at [www.euroclear.com/CREST](http://www.euroclear.com/CREST).

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

## Appendix

### Summary of the Principal Terms of the Next Fifteen Communications Group plc Long Term Incentive Plan 2015 (‘the LTIP’)

#### 1. Introduction

The LTIP will be administered by the Remuneration Committee of the Board of Directors of the Company (‘the Committee’). The LTIP is discretionary and the Committee may decide not to operate it in any year.

#### 2 Eligibility

Any employee (including an executive director) of the Company or any of its subsidiaries (‘the Group’) will be eligible to participate in the LTIP. Individuals will be selected to participate by the Committee (‘Participants’).

#### 3. Performance Share Awards and Nil Cost Options (‘Awards’)

- 3.1 Awards will be granted over ordinary shares in the capital of the company (‘Shares’).
- 3.2 A performance share award is an award over a whole number of Shares, with the release of those Shares at the end of the performance period generally dependent upon the Participant remaining an employee and the satisfaction of a performance condition. No payment is required for a performance share award.
- 3.3 A nil-cost option (‘Option’) is the right to acquire a number of Shares in the future for no payment or, if the Option is to subscribe for newly issued Shares, on payment of the nominal value of the Shares. The right to exercise the Option is dependent upon the Participant generally remaining an employee throughout the performance period and the satisfaction of a performance condition. Options have a life of ten years.
- 3.4 Where appropriate, the Committee may amend the terms of the LTIP, and the terms of Awards as it considers necessary or desirable to take account of overseas taxation, securities laws and exchange controls provided the terms of such Awards are overall no more favourable than those provided to other Participants.
- 3.5 Awards will not be pensionable. Awards will not be granted more than ten years after the date of adoption of the LTIP by shareholders of the Company.

#### 4. Performance Period

The Performance Period is a period of four consecutive financial years of the Company, commencing with the financial year in which the Award is granted.

#### 5. Performance Conditions

- 5.1 The Committee will set the terms of the performance conditions applying to Awards in its absolute discretion. As business needs evolve, the Committee reserves the right to change the performance conditions.
- 5.2 The Committee has decided that, initially, there will be two performance conditions for directors and employees of Next Fifteen Communications Group plc and its subsidiaries:
  - (a) an earnings per share (‘EPS’) target which will determine 70% of the total vesting. If the annual growth in the Company’s earnings per share in three years out of four over the Performance Period exceeds the growth in the Consumer Prices Index by at least 15% per annum, 100% of 70% of the total Award will vest. If the compound growth in the Company’s earnings per share in three years out of four over the Performance Period exceeds the growth in the Consumer Prices Index by at least 5% per annum 25% of the total Award will vest. Between 25% and 100% of 70% of the total Award will vest for EPS growth between these two points (calculated on a straight line basis); and
  - (b) a key performance indicator (‘KPI’) target which will determine 30% of the total vesting. Each participant will have a small number of KPIs relating to his or her role in the Group. For executive directors, the Committee will determine the extent to which the KPIs have been met over the four-year performance period. 100% of 30% of the total Award will only vest if the KPIs have been met in full. A smaller percentage of 30% of the total award will vest if the Committee determines that the KPIs have been substantially met. The Committee has considered the level of discretion provided by this performance condition and is of the opinion that, in practice, the specific targets will be measurable and challenging.



5.3 The Committee will have the power to vary the terms of the performance conditions to take account of a change in circumstances if the Committee considers that the amended performance condition is a fairer measure of the performance of the Group, the Company or the Participant, or that the amended performance condition would be a more effective incentive, provided that the amended performance condition is neither materially easier nor more difficult to achieve than it was when the Award was first granted.

#### **6. 'Malus' or clawback**

The UK Corporate Governance Code (the 'Code') makes it obligatory (within the framework of 'comply or explain') for Main Market companies to include provisions that would enable the company to recover sums paid or withhold the payment of any sum if exceptional circumstances arise where it is reasonable to do so. Although the Code does not apply to AIM companies, the Company wishes to comply with the spirit of the Code. Therefore, the Committee will have the power to terminate or reduce a Participant's Award prior to vesting if it comes to light that there has been a material misstatement of financial information such that the Award or any other award made under the LTIP or any other share plan operated by the Company should not have vested.

#### **7. Transfer of Shares**

7.1 The Committee will determine the extent the performance condition has been met following the end of the Performance Period. If the performance condition has been met (in whole or in part), the Committee will then determine whether (and the extent to which) the Shares comprised in the Award will be transferred to the Participant (in the case of a performance share award) or the Award will become capable of exercise (in the case of an Option) ('vest'). To the extent the performance condition has not been met, in whole or in part, at the end of the Performance Period, the Award will lapse.

7.2 When a performance share award vests, the Shares will be transferred to the Participant as soon as practicable following vesting. When an Option vests, it may usually be exercised by the Participant at any time during the period ending on the tenth anniversary of its date of grant. If it remains unexercised at the end of that period, it will lapse.

#### **8. Maximum Value of Awards**

Participation is limited such that the total Market Value of Shares over which a Participant may be granted an Award annually does not exceed an amount equal to one times the Participant's annual basic salary at the relevant grant date.

#### **9. Scheme Limits**

9.1 Shares may either be newly issued or purchased on the market to satisfy Awards.

9.2 The number of Shares which may be issued under the LTIP on any day will not, when added to the total number of Shares which have been issued or placed under options to subscribe in the previous ten years under the LTIP and any other employee share scheme adopted by the Company exceed 20% of the ordinary share capital of the Company in issue immediately before that day. For the purpose of this limit, options and other rights to subscribe for Shares that have lapsed or been released will not be counted.

## 10. Cessation of Employment

- 10.1 As a general rule, if a Participant ceases to be an employee before his or her Award vests, it will lapse immediately.
- 10.2 However, if the Participant leaves by reason of death, injury or disability, retirement or redundancy or because his or her employing company or part of the business in which he or she is employed is transferred out of the Group the Performance Period will end on the date of cessation of employment. The number of Shares to vest will be determined at the discretion of the Committee. In exercising such discretion, the Committee will take account of both the performance of the Company over the shortened Performance Period and the fact the Participant provided services only for the shortened Performance Period. If the Participant leaves for any other reason, his Award shall lapse unless the Committee in its absolute discretion determines that it shall vest in whole or in part, taking into account the reason for leaving, the proportion of the performance period that has elapsed and the extent to which the performance conditions have been met at the date of cessation of employment.
- 10.3 A leaver's Options will lapse six months following vesting, except in the case of death, when they will lapse twelve months following vesting.

## 11. Take-over

- 11.1 In the event of a take-over of the Company, scheme of arrangement or certain other similar major corporate events, the Performance Period will end on the date of that event unless 11.3 below applies. The number of Shares to vest will be determined at the discretion of the Committee. In exercising such discretion, the Committee will take account of the performance of the Company over the shortened Performance Period.
- 11.2 Broadly, Options will lapse six months following vesting.

- 11.3 If another company acquires control of the Company, Participants may be required to exchange their Awards for awards over shares in the acquiring company ('Replacement Awards'). In such circumstances, the total market value of shares comprised in the Award and the Replacement Award must be broadly equivalent and the terms of the Replacement Award must be, in so far as is practicable, broadly equivalent to the terms of the Award.

## 12. Variation of capital

In the event of any capitalisation issue, rights issue, rights offer, consolidation, subdivision or reduction of capital, demerger or any other event affecting the share capital of the Company, the number and/or the nominal value of the Shares comprised in Awards may be adjusted by the Committee in such a way as the Committee deems to be fair and reasonable.

## 13. Amendments to the LTIP

- 13.1 Although the Committee will have the power to amend the provisions of the LTIP, the provisions relating to:
  - (a) the class of persons eligible to participate in the LTIP;
  - (b) the maximum number of Shares that may be issued under the LTIP;
  - (c) the maximum entitlement of any one Participant;
  - (d) the basis for determining a Participants entitlement to and the terms of Shares to be provided under the LTIP; and
  - (e) the adjustments to Awards in the event of a variation in capital

cannot be altered to the advantage of Participants without the prior approval of the shareholders in general meeting (except for minor amendments to benefit the administration of the LTIP, to comply with or take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for Participants, or for the Company or any other member of the Group).