



**THIS DOCUMENT, WHICH CONTAINS THE NOTICE OF THE COMPANY'S ANNUAL GENERAL MEETING, IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action to take, you are recommended to seek immediately your own financial advice from your stockbroker, bank manager, solicitor, accountant, fund manager or other appropriate independent financial adviser, who is authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.**

**If you have sold or otherwise transferred all your shares in Babcock International Group PLC, please forward this document and the accompanying Form of Proxy to the person through whom the sale or transfer was effected, for transmission to the purchaser or transferee.**

A Form of Proxy for the Annual General Meeting is enclosed and should be completed and returned **so as to reach the Company's registrars no later than 11:00 am on Tuesday 28 July 2015**. Alternatively, you can vote online at [www.babcock-shares.com](http://www.babcock-shares.com) or, if you are a member of CREST, you can register your vote electronically by using the service provided by Euroclear. Further details are provided in the Important Information for Shareholders section on pages 4 and 5 of this document. Completion and return of the Form of Proxy will not prevent you from attending and voting at the Meeting in person, should you so wish.

## **BABCOCK INTERNATIONAL GROUP PLC**

### **NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the 2015 Annual General Meeting of the members of Babcock International Group PLC ('the Company') will be held at Grosvenor House Hotel, Park Lane, London W1K 7TN on Thursday 30 July 2015 at 11:00 am to consider and, if thought fit, to pass the following Resolutions. It is intended to propose Resolutions 22 to 24 as special resolutions. All other Resolutions will be proposed as ordinary resolutions. Voting on all Resolutions will be by way of a poll.

#### **Ordinary Resolutions**

##### **Report and Accounts**

1. To receive the audited financial statements of the Group and the Company for the year ended 31 March 2015, together with the Directors' report, the Directors' Remuneration Report and the Auditors' Report on those accounts and on the auditable part of the Directors' Remuneration Report.

##### **Annual Report on Remuneration**

2. To approve the Annual Statement of the Remuneration Committee Chairman and the Annual Report on Remuneration set out on pages 86 to 87 and 98 to 118 respectively of the Company's Annual Report for the year ended 31 March 2015.

##### **Final Dividend**

3. To declare a final dividend for the year ended 31 March 2015 of 18.1p per ordinary share in the capital of the Company.

##### **Directors**

4. To re-elect Mike Turner as a Director of the Company.
5. To re-elect Peter Rogers as a Director of the Company.
6. To re-elect Bill Tame as a Director of the Company.
7. To re-elect Kevin Thomas as a Director of the Company.
8. To re-elect Archie Bethel as a Director of the Company.
9. To re-elect John Davies as a Director of the Company.
10. To re-elect Sir David Omand as a Director of the Company.
11. To re-elect Ian Duncan as a Director of the Company.
12. To re-elect Kate Swann as a Director of the Company.
13. To re-elect Anna Stewart as a Director of the Company.
14. To re-elect Jeff Randall as a Director of the Company.
15. To elect Franco Martinelli as a Director of the Company.
16. To elect Myles Lee as a Director of the Company.

##### **Auditors**

17. To re-appoint PricewaterhouseCoopers LLP as independent auditor of the Company.
18. To authorise the Directors to set the remuneration of the independent auditor, as they shall in their discretion see fit.

### Political Donations

19. That, in accordance with sections 366 and 367 of the Companies Act 2006 (the '2006 Act'), the Company and all companies that are its subsidiaries at any time during the period for which this Resolution 19 is effective are authorised to:

- (a) make political donations to a political party or to an independent election candidate;
- (b) make political donations to political organisations other than political parties; and
- (c) incur any political expenditure,

up to an aggregate amount of £100,000, with the amount authorised under each of paragraphs (a) to (c) also being limited to such amount, in each case during the period beginning with the date of the passing of this Resolution 19 and ending on 30 September 2016 or, if sooner, the conclusion of the Annual General Meeting of the Company in 2016. For the purpose of this Resolution 19 'political donation', 'political party', 'political organisation', 'independent election candidate' and 'political expenditure' are to be construed in accordance with sections 363, 364 and 365 of the 2006 Act.

### Adoption of the Babcock Employee Share Plan – International

20. That the Babcock Employee Share Plan – International (the 'Plan'), the main features of which are summarised on pages 6 and 7 of this document, and a copy of the rules of which is produced to the meeting initialled by the Chairman for the purposes of identification, be and is hereby approved and that the Board (or a duly authorised committee of the Board) be and is hereby authorised to do all acts and things which it considers necessary or desirable to give effect to the Plan.

### Authority to Allot

21. That, in substitution for all such existing authorities, the Directors of the Company be and are hereby generally and unconditionally authorised for the purpose of section 551 of the 2006 Act to exercise all the powers of the Company to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company:

- (a) up to an aggregate nominal amount equal to £100,738,480 (such amount to be reduced by the aggregate nominal amount allotted or granted under paragraph (b) of this Resolution 21 in excess of £100,738,480); and
- (b) comprising equity securities (as defined in section 560(1) of the 2006 Act) up to an aggregate nominal amount of £201,779,478 (such amount to be reduced by the aggregate nominal amount allotted or granted under paragraph (a) of this Resolution 21) in connection with an offer by way of a rights issue:
  - (i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
  - (ii) to holders of other equity securities as required by the rights of those securities or, subject to such rights, as the Directors of the Company otherwise consider necessary,

and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter,

such authorisations to apply (unless previously renewed, varied or revoked by the Company in General Meeting) until the end of the Company's next Annual General Meeting (or, if earlier, until the close of business on 30 September 2016) but, in each case, so that the Company may make offers and enter into agreements before the authority expires which would, or might, require shares to be allotted or rights to subscribe for or to convert any security into shares to be granted after the authority expires and the Directors of the Company may allot shares or grant such rights under any such offer or agreement as if the authority conferred hereby had not expired. References in this Resolution 21 to the nominal amount of rights to subscribe for or to convert any security into shares (including where such rights are referred to as equity securities as defined in section 560(1) of the 2006 Act) are to the nominal amount of shares that may be allotted pursuant to the rights.

### Special Resolutions

#### Disapplication of Pre-emption Rights

22. That, in substitution for all such existing powers, and subject to the passing of Resolution 21, the Directors of the Company be and are hereby generally empowered, pursuant to sections 570 and 573 of the 2006 Act, to:

- (a) allot equity securities (as defined in section 560(1) of the 2006 Act) for cash pursuant to the authorities conferred by Resolution 21; and/or
- (b) sell ordinary shares (as defined in section 560(1) of the 2006 Act) held by the Company as treasury shares for cash, in each case free of the restriction in section 561 of the 2006 Act, provided that such powers shall be limited to:
  - (i) the allotment of equity securities and sale of treasury shares for cash in connection with or pursuant to an offer of, or an invitation to apply for, equity securities (but in the case of an allotment pursuant to the authority granted under paragraph (b) of Resolution 21, such power shall be limited to the allotment of equity securities in connection with an offer by way of a rights issue only);

- (A) to ordinary shareholders in proportion (as nearly as may be practicable) to their holdings; and
- (B) to holders of other equity securities, as required by the rights of those securities or, subject to such rights, as the Directors otherwise consider necessary,

but subject to such limits, exclusions, restrictions or other arrangements as the Directors may consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical difficulties which may arise in, or under the laws or regulatory requirements of, any territory or any other matter whatsoever; and

- (ii) the allotment of equity securities pursuant to the authority granted by paragraph (a) of Resolution 21 and/or sale of treasury shares for cash (in each case otherwise than in the circumstances set out in paragraph (a) of this Resolution 22), up to an aggregate nominal amount of £30,251,795 calculated, in the case of equity securities which are rights to subscribe for, or to convert securities into, ordinary shares by reference to the aggregate nominal amount of relevant shares which may be allotted pursuant to such rights,

such powers to apply (unless previously renewed, varied or revoked by the Company in General Meeting) until the end of the Company's next Annual General Meeting (or, if earlier, until the close of business on 30 September 2016) but, in each case, so that the Company may make offers and enter into agreements before the power expires which would, or might, require equity securities to be allotted or rights to subscribe for or to convert any security into shares to be granted after the power expires and the Directors of the Company may allot equity securities or grant such rights under any such offer or agreement as if the power conferred hereby had not expired.

#### Authority to Purchase Own Shares

23. That the Company be and is hereby generally and unconditionally authorised for the purposes of section 701 of the 2006 Act to make market purchases (within the meaning of section 693(4) of the 2006 Act) of its ordinary shares of 60p each ('ordinary shares') in the capital of the Company on such terms and in such manner as the Directors of the Company may from time to time determine provided that:

- (a) the maximum number of ordinary shares hereby authorised to be purchased shall be 50,419,659 shares, representing approximately 10% of the issued share capital of the Company at 9 June 2015 (being the latest practicable date prior to the publication of this document);
- (b) the minimum price which may be paid for each ordinary share is not less than the nominal value thereof exclusive of the expenses of purchase;
- (c) the maximum price which may be paid for each ordinary share (exclusive of the expenses of purchase) shall not exceed the higher of (i) 105% of the average middle market quotation for an ordinary share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which such ordinary share is contracted to be purchased; and (ii) an amount equal to the higher of the price of an ordinary share quoted for the last independent trade and the highest current independent bid for an ordinary share on the trading venues where the purchase is carried out;
- (d) the authority hereby conferred shall (unless previously renewed, varied or revoked by the Company in General Meeting) expire at the end of the Company's next Annual General Meeting (or, if earlier, the close of business on 30 September 2016); and
- (e) the Company may, before this authority expires, make a contract to purchase ordinary shares which will or may be executed wholly or partly after the expiry of this authority, and may make purchases of ordinary shares in pursuance of any such contract as if this authority had not expired.

#### Notice for General Meetings

24. That a General Meeting of the Company (other than an Annual General Meeting) may be called on not less than 14 clear days' notice.

By order of the Board.

Albert Dungate  
Company Secretary

10 June 2015

Registered Office: 33 Wigmore Street, London W1U 1QX.

### Important Information for Shareholders

1. Explanations of the Resolutions are given in the Explanatory Notes to the Resolutions on pages 5 to 8 of this document.
2. Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A shareholder 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 shareholder. A proxy need not be a shareholder of the Company. A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice. Your proxy will vote as you instruct and must attend the Annual General Meeting for your vote to be counted. Completion and submission of a proxy form will not preclude a member from attending and voting in person at the Annual General Meeting.
3. To be valid, the proxy form (together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority) must be received by post, by hand or by courier by the Company's registrars, Capita Asset Services, PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF by **11:00 am on Tuesday 28 July 2015**.
4. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 ('the 2006 Act') to enjoy information rights (a 'Nominated Person') may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights. A Nominated Person does not have the right of a member to appoint a proxy.
5. Copies of the following documents are available for inspection at the Company's registered office during normal business hours until the date of the Annual General Meeting and will be available for inspection at the place of the Annual General Meeting for at least 15 minutes prior to and during the meeting:
  - (a) terms of appointment under which the Non-Executive Directors of the Company are engaged;
  - (b) Executive Directors' service agreements; and
  - (c) the Rules of the Babcock Employee Share Plan – International.
6. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001 and section 360B of the 2006 Act, only those shareholders entered on the register of members of the Company at 6:00 pm on 28 July 2015 or, in the event that the meeting is adjourned, on the register of members of the Company at 6:00 pm on the day two days (excluding any part of a day that is not a working day) before the date of any adjourned meeting, shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their names at that time. Changes to the entries on the register of members after this time shall be disregarded in determining the rights of any person to attend and vote at the meeting or any adjourned meeting.
7. As at 9 June 2015 (being the last practicable day prior to the publication of this notice) the Company's issued share capital consisted of 504,196,597 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at that date were 504,196,597.
8. A corporate shareholder can appoint one or more corporate representatives who may exercise, on its behalf, all of its powers as a member provided that no more than one corporate representative exercises powers over the same share.
9. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting or any adjournment(s) thereof by using the procedures described in the CREST Manual (available via [www.euroclear.com/CREST](http://www.euroclear.com/CREST)). 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.
10. 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 Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual (available via [www.euroclear.com/CREST](http://www.euroclear.com/CREST)). The message, regardless of whether it constitutes the appointment of a proxy or is 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 issuer's agent (ID RA10) by 11:00 am, on Tuesday 28 July 2015. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer'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.
11. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. 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, to procure that his/her 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 system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

12. 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.
13. Any member or proxy attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting, but no such answer need be given if:
  - (a) to do so would interfere unduly with the progress of the meeting or involve the disclosure of confidential information;
  - (b) the answer has already been given on a website in the form of an answer to a question; or
  - (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
14. Under section 527 of the 2006 Act, members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which Annual Report and Accounts were laid (in each case) that the members propose to raise at the Annual General Meeting. The Company may not require the members requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the 2006 Act. Where the Company is required to place a statement on a website under section 527 of the 2006 Act, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under section 527 of the 2006 Act to publish on a website.
15. Any electronic address (within the meaning of section 333(4) of the 2006 Act) provided in this Notice of Meeting (or in any related documents including the proxy form) may not be used to communicate with the Company for any purpose other than those expressly stated.
16. A copy of this notice, and other information required by section 311A of the 2006 Act, can be found at [www.babcockinternational.com](http://www.babcockinternational.com).

### **Explanatory Notes to the Resolutions**

The ordinary resolutions (1 to 21) will be passed if the votes cast for the Resolutions are more than those cast against. The Resolutions to be proposed as special resolutions (22 to 24) will be passed if at least 75% of the votes cast for and against the Resolutions are in favour.

*The Board considers that all the Resolutions in the notice of the Annual General Meeting are in the best interests of the Company and its shareholders as a whole. Your Directors unanimously recommend that you vote in favour of them as they intend to do in respect of their own beneficial holdings.*

### **Report and Accounts**

**Resolution 1:** The Directors are required to lay the Annual Report and Accounts before the shareholders at each Annual General Meeting. The Directors' and Auditor's reports and the audited financial statements of the Company to be approved at this Annual General Meeting relate to the financial year ended 31 March 2015.

### **Annual Report on Remuneration**

**Resolution 2:** The Directors' remuneration report is divided into three parts: the Annual Statement of the Remuneration Committee Chairman, the Remuneration Policy Report and the Annual Report on Remuneration.

The Annual Statement of the Remuneration Committee Chairman, which can be found on pages 86 to 87 of the Company's Annual Report for the year ended 31 March 2015, provides a summary of the major decisions relating to Directors' remuneration for the year ended 31 March 2015.

The Remuneration Policy Report, which can be found on pages 88 to 97 of the Company's Annual Report for the year ended 31 March 2015, sets out the Company's future policy on Directors' remuneration. This Remuneration Policy Report was approved by shareholders at the Annual General Meeting in 2014. As there are no changes to the policy and the approval obtained at the Annual General Meeting in 2014 is effective for three years, no shareholder approval of the Remuneration Policy Report is being sought this year.

The Annual Report on Remuneration, which can be found on pages 98 to 118 of the Company's Annual Report for the year ended 31 March 2015, gives details of the remuneration arrangements and payments made to the Directors during the year ended 31 March 2015. It also details how the Company's policy on Directors' remuneration will be operated in the year ending 31 March 2016.

Resolution 2 seeks shareholder approval for the Annual Statement of the Remuneration Committee Chairman and the Annual Report on Remuneration for the year ended 31 March 2015. The vote upon this Resolution is advisory. The vote is not specific to individual levels of remuneration and the Directors' entitlement to remuneration is not conditional on it.

### **Final Dividend**

**Resolution 3:** The Board has recommended that a final dividend of 18.1p per ordinary share be declared and paid in respect of the Company's performance in the financial year ended 31 March 2015. If approved at the Annual General Meeting, this would be paid on Wednesday 12 August 2015 to those shareholders on the Company's register at the close of business on Friday 3 July 2015.

### **Directors**

**Resolutions 4 to 14:** Under the UK Corporate Governance Code (the 'Code'), Section B.7.1 states that all directors of FTSE 350 companies should be subject to annual re-election by shareholders. The Directors follow this provision of the Code. The Directors covered by Resolutions 4 to 14 were each re-appointed (and in the case of Jeff Randall, appointed) as Directors at last year's Annual General Meeting and are now standing for their annual re-election under this provision. Following the annual performance evaluation (which, in the case of David Omand, who has been on the Board for more than six years and whose current three-year term of appointment is due to expire at this year's Annual General Meeting, was particularly rigorous), the Board is satisfied that each Director continues to be effective and to demonstrate commitment to their role. Accordingly, the Board unanimously recommends their re-election. Their biographical details are set out on pages 70 and 71 of the Annual Report (a copy of which is available on the Company's website at [www.babcockinternational.com](http://www.babcockinternational.com)). The Board considers each of the Non-Executive Directors standing for re-election named in Resolutions 10 to 14 to be independent.

**Resolutions 15 and 16:** Under section B.7.1 of the Code and Article 123 of the Company's Articles, all Directors appointed by the Board since the date of the last Annual General Meeting should be subject to election by shareholders at the first Annual General Meeting after their appointment. Accordingly, Franco Martinelli, appointed to the Board on 1 August 2014, and Myles Lee, appointed to the Board on 1 April 2015, whose biographical details are set out on pages 70 and 71 of the Annual Report, will be proposed for election by shareholders. The Nominations Committee led the process of identifying and recommending the appointment of Franco Martinelli and Myles Lee to the Board based on pre-defined criteria of experience, knowledge, skills and, in the case of Non-Executive Directors, independence. This process is outlined in further detail on pages 80 and 81 of the Annual Report.

The Nominations Committee and the Board unanimously support the election of Franco Martinelli and Myles Lee, who bring valuable experience to the Board. The Board is satisfied as to their effectiveness in and their commitment to their roles as Directors. The Board considers Myles Lee to be independent.

### **Auditors**

**Resolution 17:** The Company is required to appoint an auditor to serve for each financial year of the Company. At the Annual General Meeting held on 21 July 2014, PricewaterhouseCoopers LLP was re-appointed as auditor of the Company. Resolution 17 would re-appoint PricewaterhouseCoopers LLP to act as auditor of the Company until the next Annual General Meeting. Further information regarding the Company's plans in respect of re-tender of the external audit can be found on page 85 of the Annual Report.

**Resolution 18:** This Resolution authorises the Directors, in accordance with standard practice, to negotiate and agree the remuneration of the Company's auditor.

### **Political Donations**

**Resolution 19:** It is the Company's policy not to make political donations or incur political expenditure as those expressions are normally understood. However, certain activities undertaken in the usual course of business may fall within the legal definition of political donation or political expenditure. The authority is sought annually to ensure that all the activities of the Company fully comply with the law.

### **Adoption of the Babcock Employee Share Plan – International**

**Resolution 20:** If passed, Resolution 20 will approve the introduction of the Plan. The Plan is an all-employee share plan which is designed to operate in a similar way to the Babcock Employee Share Plan (the UK tax-qualifying share incentive plan) but is intended to be capable of being offered to employees outside the UK. Set out below is a summary of its main features:

#### *Outline*

The Plan is intended to be flexible and the Company may offer any combination of the features outlined below to allow eligible employees to obtain ordinary shares in the Company (the 'Shares'). Under the Plan, the Company can:

- (a) grant an employee up to £3,600 (or the local currency equivalent) worth of Shares for free a year ('Free Share Awards');
- (b) offer an employee the opportunity of buying up to £1,800 (or the local currency equivalent) of Shares a year ('Partnership Shares') out of post-tax salary;
- (c) grant awards to receive free matching shares depending on the number of Partnership Shares bought ('Matching Share Awards') up to a maximum of two matching shares for every Partnership Share purchased; and
- (d) allow employees to purchase more Shares using dividends received on Shares held through the Plan ('Dividend Shares').

Any award under the Plan is not pensionable.

#### *Eligibility*

Each time the Board (or a duly authorised committee of the Board) decides to operate the Plan, employees of the Company and its participating subsidiaries may be offered the opportunity to participate. The Board will decide the countries in which it will offer the Plan and the employees of which subsidiaries in that country who will be eligible to participate.



#### *Free Shares*

Up to £3,600 (or the local currency equivalent) worth of Free Share Awards can be granted to each employee every year. A Free Share Award can, if the Company so chooses, be subject to the satisfaction of a performance target which measures the objective success of the individual, team, division or business.

The vesting period for the Free Share Awards will be between three and five years (the precise duration to be determined by the Board) during which the employee is not entitled to the Shares under the Free Share Award, unless the employee leaves employment as a 'good leaver' (for example, for reasons of retirement or redundancy) or a change of control event occurs.

#### *Partnership Shares*

The Board may allow an employee to use post-tax salary to buy Partnership Shares. The maximum limit is set by the Board and may not exceed the lower of £1,800 (or the local currency equivalent) or 10% of salary in any year. The salary allocated to Partnership Shares can be accumulated for a period set by the Board not exceeding 12 months or Partnership Shares can be purchased monthly out of deductions from the employee's pay. An employee may stop and start deductions at any time. Once acquired, Partnership Shares are not forfeitable in any circumstances.

#### *Matching Shares*

The Board may grant Matching Share Awards to an employee who has purchased Partnership Shares based on a ratio set by the Board or duly authorised committee from time to time.

The vesting period for the Matching Share Awards will be between three and five years during which the employee is not entitled to the Shares unless the employee leaves employment as a 'good leaver' (for example, for reasons of retirement or redundancy) or a change of control event occurs.

#### *Investment of dividends*

Subject to local law restrictions, the Board may allow an employee to reinvest dividends paid on Shares received by employees under the Plan into Dividend Shares. Dividend Shares will be subject to a three-year holding period, unless the employee leaves employment or a change of control event occurs.

The Board may pay an amount in cash or in shares to employees who held Matching Share Awards equal to the dividends that would have been paid on matching Shares during the vesting period of the Matching Share Awards.

#### *Limits*

In any period of ten years, not more than 10% of the Company's issued ordinary share capital may be issued (or placed under option or award to be issued) under the Plan and under any other employees' share plan adopted by the Company.

#### *Amendments*

The Board may at any time amend the Plan. The prior approval of the Company in General Meeting must be obtained in the case of any amendment to the advantage of participants which is made to the provisions relating to eligibility, individual or overall limits, the basis for determining an employee's entitlement to, or the provisions affecting variations of share capital. Minor amendments to benefit the administration of the Plan, to take account of a change in legislation, or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants, the Company or any subsidiary do not require the approval of the Company in General Meeting. Any amendment to the material disadvantage of participants requires their majority consent.

#### **Authority to Allot**

**Resolution 21:** Under section 551 of the 2006 Act, the Directors may only allot shares or grant rights over shares if authorised to do so by shareholders. Resolution 21 will be proposed as an ordinary resolution to grant a new authority to allot (a) shares up to an aggregate nominal value of £100,738,480 and (b) equity securities up to an aggregate nominal amount (when added to any allotments under part (a) of Resolution 21) of £201,779,478 where the allotment is in connection with a fully pre-emptive rights issue. These amounts will represent a maximum of 33.3% and a maximum of 66.7% respectively of the total issued ordinary share capital of the Company as at 9 June 2015. This is in accordance with the guidance provided by The Investment Association on the Directors' authority to allot, which permits resolutions seeking authority to allot shares representing two-thirds of the Company's issued share capital provided that the extra authority (that part provided by part (b) of Resolution 21) shall only be used to allot shares pursuant to a fully pre-emptive rights issue. If granted, this authority will expire at the end of the Company's Annual General Meeting in 2016 (or, if earlier, the close of business on 30 September 2016). As at the date of the notice of this meeting, the Company held no treasury shares.

The Directors have no present intention of exercising the allotment authority sought under Resolution 21 unless if required for the allotment of ordinary shares in respect of options and awards under employee share plans. However, the Directors consider it desirable to have the flexibility to use it should opportunities arise. If the Directors do exercise the authority, the Directors intend to follow market best practice as regards its use.

**Disapplication of Pre-emption Rights**

**Resolution 22:** The Directors also require additional authority from shareholders to allot shares or grant rights over shares or sell treasury shares where they propose to do so for cash and otherwise than to existing shareholders pro rata to their holdings. Resolution 22 will be proposed as a special resolution to grant such authority. Apart from offers or invitations in proportion to the respective number of shares held, the authority will be limited to the issue of shares and sales of treasury shares for cash up to a maximum aggregate nominal value of £30,251,795 (being a maximum of 10% of the Company's issued ordinary share capital as at 9 June 2015). If given, this authority will expire at the Annual General Meeting in 2016 (or, if earlier, the close of business on 30 September 2016).

This Resolution seeks authority over a maximum of 10% of the Company's total issued ordinary share capital rather than 5% as in previous years, following changes to the Pre-Emption Group's Statement of Principles in March 2015. The Company will have regard to the Pre-Emption Group's Statement of Principles in relation to any exercise of this authority, and not allot shares for cash on a non-pre-emptive basis in excess of an amount equal to:

- (i) 5% of the total issued ordinary share capital of the Company (excluding treasury shares) in any one year; or
- (ii) 7.5% of the total issued ordinary share capital of the Company (excluding treasury shares) in any rolling three-year period without prior consultation with shareholders,

in each case other than in connection with an acquisition or specified capital investment which is announced contemporaneously with the allotment or which has taken place in the preceding six-month period and is disclosed in the announcement of the allotment.

With the exception of issues, if necessary, of further shares under the Company's executive or employee share schemes, the Directors do not have any present intention of exercising this authority, but consider it desirable to have the flexibility to use it should opportunities arise.

**Authority to Purchase Own Shares**

**Resolution 23:** If passed, Resolution 23 will renew the general authority for the Company to make market purchases of its own ordinary shares. The renewed authority, in respect of a maximum of 10% of the Company's issued share capital as at 9 June 2015 (being the latest practicable date prior to the publication of this document), would be exercisable with a minimum purchase price of 60p per share and a maximum price of not more than the higher of (i) 105% of the average middle market quotation for an ordinary share as derived from the London Stock Exchange Daily Official List for the five business days preceding the day of purchase; and (ii) an amount equal to the higher of the price of an ordinary share quoted for the last independent trade and the highest current independent bid for an ordinary share on the trading venues where the purchase is carried out. If granted, the authority would expire at the conclusion of the Annual General Meeting of the Company to be held in 2016 or, if earlier, the close of business on 30 September 2016. Shares purchased under the authority would either be cancelled or held by the Company as treasury shares. The Directors have no present intention of using this power, and would only exercise the power if they were satisfied at any time that it was in the best interests of shareholders generally to do so, and that (except in the case of a purchase of own shares to be held as treasury shares to fulfil obligations under the Company's executive or employee share schemes) any purchase would be likely to result in an increase in earnings per share. The Company has no warrants outstanding and employee share trusts currently hold sufficient shares to satisfy other currently vested share plan awards.

**Notice for General Meetings**

**Resolution 24:** This is required to reflect section 307A of the 2006 Act, which requires a minimum notice period for General Meetings of the Company of 21 days, unless the shareholders have approved the calling of meetings (other than Annual General Meetings) on 14 days' notice at the immediately preceding Annual General Meeting or at a General Meeting held since that Annual General Meeting. As a result of the resolution which was passed at the 2014 Annual General Meeting, the Company is currently authorised to call General Meetings (other than an Annual General Meeting) on 14 clear days' notice and would like to preserve this authority. Resolution 24 seeks such approval as a special resolution. The approval will be effective until the Company's next Annual General Meeting, when it is intended that a similar resolution will be proposed. The Company also needs to meet the requirements for electronic voting under the Shareholders' Rights Directive (which it currently does and intends to continue to do so) before it can call a General Meeting on 14 clear days' notice.

The shorter notice period would not be used as a matter of routine for General Meetings, but only where the flexibility is merited by the business of the meeting and is thought to be to the advantage of shareholders as a whole.