

## Notice of Annual General Meeting

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

**If you are in any doubt about the action you should take, you should seek your own personal financial advice from your stockbroker, bank, solicitor, fund manager or other independent financial adviser authorised under the Financial Services and Markets Act 2000.**

**If you have sold or otherwise transferred your shares in NCC Group plc, please forward this document to the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.**

### **NCC Group plc** (‘Company’)

(Registered in England No.4627044)

Registered Office:  
Manchester Technology Centre  
Oxford Road  
Manchester  
M1 7EF

Dear Shareholder

#### **NCC Group plc’s 2013 Annual General Meeting**

I am pleased to invite you to attend the 2013 Annual General Meeting (‘AGM’) of the Company to be held at Manchester Technology Centre, Oxford Road, Manchester, M1 7EF at 11am on Thursday 12 September 2013.

The formal Notice of AGM (‘Notice’) is set out on pages 5 to 10 and the explanatory notes on each resolution to be considered at this year’s AGM appear on pages 2 to 4.

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

Whether or not you intend to come to the AGM, please complete and return the proxy form we have sent to you. The Company’s Registrar, Equiniti, must receive the completed proxy form, at the address on the form, by no later than 11am on 10 September 2013. Alternatively you can vote using our CREST proxy voting service following the procedures set out in the CREST manual. You will still be able to vote on the day of the AGM but if you have already submitted a proxy form, this will only be necessary if you intend to change the voting instructions given on your proxy form.

#### **Recommendation**

The Directors believe that the resolutions set out in the Notice are in the best interests of the Company and of the shareholders as a whole. Accordingly they recommend you vote in favour of each resolution as they intend to do in respect of their own beneficial shareholdings in the Company.

The Directors and I look forward to seeing you at the AGM.

Yours faithfully



**Paul Mitchell**  
Non Executive Chairman

## Explanatory Notes about the resolutions we will be proposing at the AGM:

### Resolution 1: Receiving the report and accounts

The Directors will present to the shareholders at the AGM the accounts for the previous financial year, on this occasion for the year ended 31 May 2013, together with their reports and the auditor's report on those accounts.

### Resolution 2: Approving the Directors' remuneration report

The Directors are required to include certain information within the remuneration report and must submit that report for approval by shareholders at each AGM in accordance with the Directors' Remuneration Report Regulations 2002 and section 439(1) of the Companies Act 2006 ('2006 Act'). The remuneration report has been prepared accordingly and approved by the Directors.

The remuneration report is included in full on pages 43 to 50 of the Company's 2013 Annual Report and Accounts.

### Resolution 3: Declaring a final dividend

Final dividends are to be approved by the shareholders. However, they cannot be more than the amount the board recommends. The board is recommending a final dividend of 2.12 pence per ordinary share for the year ending 31 May 2013. If shareholders approve the recommended dividend, it will be paid on 20 September 2013 to shareholders on the register at the close of business on 23 August 2013.

### Resolutions 4 and 5: Appointment and remuneration of the auditor

The auditor of the Company is required to be appointed or re-appointed at each AGM at which accounts are presented. Accordingly, shareholder approval is being sought to re-appoint Ernst & Young LLP as auditor of the Company.

It is normal practice for a company's Directors to be authorised to fix the auditor's remuneration and shareholders' approval to do so is sought in this resolution.

### Resolutions 6 - 10: Re-election of Directors

Under the articles of association of the Company two of the Directors must retire by rotation each year, and each Director must offer himself for re-election at least every three years. However in accordance with best practice all Directors are offering themselves for re-election this year.

The board believes that each of the Directors continues to perform effectively and with commitment to their roles. The biographies of the current Directors are set out on pages 27 to 28 of the Company's 2013 Annual Report and Accounts.

### Resolution 11: Granting the Directors authority to allot shares

The 2006 Act provides that Directors shall only allot unissued shares with the authority of shareholders in general meeting. Whilst such an authority was granted at last year's AGM, following a general meeting of the Company held on 18 December 2012 ('December General Meeting'), pursuant to which the shareholders approved, inter alia, a bonus issue of five new ordinary shares for every one ordinary share held ('Bonus Issue'), a new authority to allot shares was granted. This new authority to allot shares shall expire at the conclusion of the forthcoming AGM therefore the board recommends that this authority be renewed.

Resolution 11(a), if passed, will give the Directors authority to allot new shares up to a nominal value of £692,194.72 (representing 69,219,472 ordinary shares), which represents approximately one-third of the issued share capital of the Company as at 30 July 2013, (being the latest practicable date prior to publication of this document).

The Directors' current intention is to only exercise the authority sought under paragraph (a) of resolution 11 to satisfy the Company's obligations under employee share schemes.

In line with the guidelines issued by the Association of British Insurers, paragraph (b) of resolution 11 seeks additional authority to allot shares up to a further nominal amount of £692,194.72, representing approximately one-third of the issued share capital as at 30 July 2013, solely to be used in connection with a pre-emptive rights issue.

The Directors currently have no intention to utilise the additional authority to allot shares sought under resolution 11(b).

Each of the authorities sought under resolution 11 will expire on the conclusion of the Company's 2014 AGM. Should the Directors exercise the authorities sought under resolution 11, they intend to follow ABI recommendations concerning their use (including as regards the Directors standing for re-election in certain cases).

As at 30 July 2013 (being the latest practicable date prior to publication of this document) no shares are held by the Company in treasury.

### Resolution 12: Disapplication of pre-emption rights

At last year's AGM, shareholders passed a resolution authorising the Directors to allot equity securities for cash pursuant to section 570 of the 2006 Act without first offering them to shareholders pro rata to their holdings. In connection with the Bonus Issue, a new authority was conferred on the Directors at the December General Meeting to disapply pre-emption rights, which shall expire at the conclusion of the forthcoming AGM. Accordingly the board recommends this authority be renewed.

The authority sought under this resolution 12 facilitates issues made by way of rights to shareholders which are not strictly in accordance with section 561 of the 2006 Act, and authorises other allotments up to an aggregate nominal amount of £103,829.20 (representing 10,382,920 ordinary shares), which represents approximately 5% of the Company's issued equity share capital as at 30 July 2013 (being the latest practicable date prior to publication of this document).

The authority sought under resolution 12 will expire on the conclusion of the Company's 2014 AGM.

In accordance with the guidelines issued by the Pre-emption Group, the Directors confirm their intention that no more than 7.5% of the Company's issued share capital will be issued for cash on a non pre-emptive basis during any rolling three-year period.

### Resolution 13: Authority to purchase own shares

The Directors believe it is in the interests of the Company and its shareholders to have the flexibility to purchase its own shares and this resolution seeks authority from shareholders to do so. Again, the Company was granted authority to purchase its own shares at last year's AGM however following the Bonus Issue, a new authority was granted at the December General Meeting which will expire at the conclusion of the forthcoming AGM and accordingly the board recommends that this authority be renewed.

The Directors have no present intention of exercising this authority and would only do so if the Directors believed that the expected effect would be to increase earnings per share and promote the success of the Company for the benefit of its shareholders as a whole. If any purchases of ordinary shares are made pursuant to this authority, it is intended that such ordinary shares will either be cancelled or held in treasury in accordance with the provisions of the 2006 Act. No dividends will be paid on, and no voting rights will be exercised in respect of shares held in treasury. Any purchases of ordinary shares would be by means of market purchases on the London Stock Exchange.

This resolution would be limited to 20,765,841 ordinary shares, representing approximately 10% of the issued equity share capital of the Company as at 30 July 2013 (being the latest practicable date prior to publication of this document). The authority also sets minimum and maximum prices at which shares may be bought. The renewed authority will remain in force until the conclusion of the Company's 2014 AGM. The Directors intend to seek renewal of this power at each AGM.

The total number of options to subscribe for ordinary shares for all share schemes of the Company which were outstanding as at 30 July 2013 was 5,421,826, which represents 2.6% of the Company's issued share capital and would represent 2.9% of the Company's issued share capital if the full authority to repurchase ordinary shares as proposed by resolution 13 was exercised. As at 30 July 2013, no shares are held by the Company in treasury.

#### Resolution 14: Notice of general meetings

Resolution 14 enables the Company to hold general meetings (other than AGMs) on 14 clear days' notice. The Company's articles of association currently permit such notice period but this resolution is required in order to comply with the Shareholders' Rights Regulations.

#### Resolution 15: Renewal of the NCC Group plc sharesave plan

Resolution 15 is an ordinary resolution seeking the approval of shareholders for a new HMRC approved sharesave plan to replace the Company's existing sharesave plan which expires in July 2014.

The existing sharesave plan was adopted by the Company in 2004 immediately prior to the admission of its shares to trading on the Alternative Investment Market ('AIM'). It provides for the grant of options over ordinary shares in the Company ('Shares') to all employees on similar terms. The existing sharesave plan has offered UK-based employees of the Group the opportunity to acquire Shares at a discount of up to 80% of market value (at grant) and the Directors believe that it has been a useful and popular tool to encourage active participation by employees in the success of the Company. Accordingly, the Directors wish to adopt a new sharesave plan so that they can continue to offer this incentive once the existing plan expires. The rules of the new sharesave plan will be very similar to the rules of the existing plan (as amended in 2007) except that they take account of legislative changes which have been introduced since 2004, including changes introduced by the Finance Act 2013.

A summary of the key features of the proposed sharesave plan is set out in the Appendix to the Notice.

#### Resolution 16: Renewal of the NCC Group plc long term incentive plan

Resolution 16 is an ordinary resolution seeking the approval of shareholders to renew the Company's existing long term incentive plan ('LTIP').

The LTIP was also adopted in 2004 immediately prior to the admission of the Company's shares to trading on AIM, and was renewed for a further five years in 2009. Shareholder approval is now sought to a new ten year long term incentive plan. It is proposed that the rules of the new long term incentive plan will be the same as for the existing LTIP save for certain changes to improve the administration of the plan, to update statutory references, to make it clear that treasury shares count towards the overall dilution limits, and to clarify the operation of the rules which would apply on termination of employment and on a takeover of the Company. In accordance with institutional guidelines, the new long term incentive plan will also include clawback provisions under which awards may be reduced in whole or part if there has been any material misstatement of accounts or misconduct by the participant in question. In the case of performance targets, it is proposed that, as now, these will continue to be determined by the Remuneration Committee on an annual basis. Full disclosure of the performance targets used (which for the past few years have required stretching EPS growth) are set out in the Company's Annual Report and Accounts. The Remuneration Committee is committed to ensuring that performance targets remain suitably challenging and will discuss any proposed changes to the targets with major shareholders in advance.

A summary of the key features of the proposed LTIP is set out in the Appendix to the Notice.

## Notice of Annual General Meeting

Notice is hereby given that NCC Group plc ('Company') will hold its Annual General Meeting at Manchester Technology Centre, Oxford Road, Manchester, M1 7EF at 11am on 12 September 2013 to consider and, if thought fit, pass the following resolutions. Resolutions 1 to 11 (inclusive) and resolutions 15 and 16 will be proposed as ordinary resolutions and resolutions 12 to 14 (inclusive) will be proposed as special resolutions:

1. To receive and adopt the Company's annual accounts for the financial year ended 31 May 2013 and the Directors' and auditors' reports thereon.
2. To approve the Directors' remuneration report for the financial year ended 31 May 2013.
3. To declare a final dividend for the financial year ended 31 May 2013 of 2.12p per ordinary share, to be paid on 20 September 2013 to members whose names appear on the register of members at the close of business on 23 August 2013.
4. To re-appoint Ernst & Young LLP as auditors of the Company, to hold office from the conclusion of this meeting until the conclusion of the next general meeting at which accounts are laid before the Company.
5. To authorise the Directors of the Company ('Directors'), to determine the auditor's remuneration.
6. To re-elect Rob Cotton as a Director.
7. To re-elect Paul Mitchell as a Director.
8. To re-elect Debbie Hewitt as a Director.
9. To re-elect Thomas Chambers as a Director.
10. To re-elect Atul Patel as a Director.
11. That the Directors be and they are hereby generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (in substitution for any existing authority to allot shares) to allot:
  - (a) shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company up to an aggregate nominal amount of £692,194.72;
  - (b) equity securities (within the meaning of section 560 of the said Act) in connection with a rights issue in favour of ordinary shareholders where the equity securities respectively attributable to the interests of all ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them up to an aggregate nominal amount of £692,194.72,

provided that this authority shall expire on the conclusion of the next annual general meeting of the Company after the passing of this resolution, save that the Company may before such expiry make an offer or agreement which would or might require shares to be allotted or rights to be granted after such expiry and the Directors may allot shares or grant such rights in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.
12. That, subject to the passing of resolution 11 as set out in the notice of this meeting, the Directors be and they are empowered pursuant to section 570 of the Companies Act 2006 to allot equity securities (within the meaning of section 560 of the said Act) for cash pursuant to the general authority conferred by resolution 11 as set out in the notice of this meeting and be empowered pursuant to section 573 of the said Act to sell ordinary shares (as defined in section 560 of the said Act) held by the Company as treasury shares (as defined in section 724 of the said Act) for cash, as if section 561(1) of the said Act did not apply to such allotment or sale, provided that this power shall be limited to allotments of equity securities and the sale of treasury shares:
  - (a) in connection with or pursuant to an offer by way of rights, open offer or other pre-emptive offer to the holders of shares in the Company and other persons entitled to participate therein in proportion (as nearly as practicable) to their respective holdings, subject to such exclusions or other arrangements as the Directors may consider necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws of any territory or the regulations or requirements of any regulatory authority or any stock exchange in any territory; and
  - (b) otherwise than pursuant to sub-paragraph (a) above, up to an aggregate nominal amount of £103,829.20,

and such power shall expire on the conclusion of the next annual general meeting of the Company after the passing of this resolution save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted or treasury shares to be sold after such expiry, and the board may allot equity securities or sell treasury shares in pursuance of such an offer or agreement as if the power conferred by this resolution had not expired.

13. That, the Company be generally and unconditionally authorised, pursuant to Article 16 of the Articles of Association of the Company and pursuant to section 701 of the Companies Act 2006, to make market purchases (as defined in section 693(4) of the Companies Act 2006) of up to 20,765,841 Ordinary Shares of 1p each in the capital of the Company (being approximately 10 per cent of the current issued ordinary share 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 amount paid for each share (exclusive of expenses) shall not be more than the higher of (1) five per cent above the average market value of the Ordinary Shares as derived from the Daily Official List of London Stock Exchange plc for the five business days before the date on which the contract for the purchase is made, and (2) an amount equal to the higher of the price of the last independent trade and current independent bid as derived from the London Stock Exchange trading system or less than 1p per share; and
  - (b) the authority herein contained shall expire at the conclusion of the next annual general meeting of the Company provided that the Company may, before such expiry, make a contract to purchase its own shares which would or might be executed wholly or partly after such expiry, and the Company may make a purchase of its own shares in pursuance of such contract as if the authority hereby conferred had not expired.
14. That a general meeting of the Company other than an annual general meeting may be called on not less than 14 clear days' notice.
15. That the rules ('Rules') of the NCC Group plc Sharesave Plan 2013 ('Sharesave Plan'), the principal terms of which are set out in the Appendix to the notice of this meeting and a copy of which having been produced to the meeting and initialled by the Chairman for the purpose of identification, be and are hereby approved, the Sharesave Plan be and is hereby adopted and the Directors of the Company be and are hereby authorised to do all acts and things which they may consider necessary or expedient to give effect to the Sharesave Plan (including, but not limited to, making any amendments to the Rules, including any that are required by HM Revenue & Customs ('HMRC') in order to obtain HMRC approval to the Sharesave Plan).
16. That the rules of the NCC Group plc Long Term Incentive Plan 2013 ('LTIP'), the principal terms of which are set out in the Appendix to the notice of this meeting and a copy of which having been produced to the meeting and initialled by the Chairman for the purpose of identification, be and are hereby approved, the LTIP be and is hereby adopted and the Directors of the Company be and are hereby authorised to do all acts and things which they may consider necessary or expedient to give effect to the LTIP.

By Order of the Board



**Felicity Brandwood**  
**Secretary**

Dated: 30 July 2013  
Registered office:  
Manchester Technology Centre  
Oxford Road  
Manchester  
M1 7EF

## Notes

1. In order to attend and vote at the Annual General Meeting ('AGM') you must comply with the procedures set out in these notes by the dates specified herein.
2. Any member entitled to attend and vote at the AGM is entitled to appoint one or more proxies to exercise any or all of their rights to attend, speak and vote at the AGM. A form to be used for appointing a proxy or proxies for this AGM is enclosed with this notice of AGM ('Notice'). Please complete and return the enclosed proxy form whether or not you intend to attend the AGM in person. The return of the proxy form will not prevent you from attending and voting at the AGM if you so wish. You can appoint the Chairman of the AGM to act as your proxy, or ask one or more persons of your choice to be your proxy. Your proxy does not have to be a shareholder of the Company. There are notes on the proxy form explaining how you should complete it.

To be valid, the completed proxy forms must be received by the Company's Registrar, Equiniti Registrars by no later than 11am on 10 September 2013 and should be addressed to Freepost SEA 10846, Equiniti, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6ZL.

3. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the AGM to be held on 12 September 2013 and any adjournment(s) thereof 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 CREST's specifications and must contain the information required for such instructions, as described in the CREST Manual which can be viewed at [www.euroclear.com](http://www.euroclear.com). 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, to be valid, be transmitted so as to be received by the issuer's agent (ID RA19) by 11am on 10 September 2013. 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 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.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that there are no 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 providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

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.

4. You may not use any electronic address provided either in this Notice or any related documents (including the Form of Proxy) to communicate with the Company for any purposes other than those expressly stated.
5. The right of members to vote at the AGM is determined by reference to the Company's register of members ('Register'). We have set a time and date for eligibility to attend the AGM. This year, only those shareholders registered at 6pm on 10 September 2013 will be eligible to attend or vote at this AGM. We will disregard changes to entries on the Register after 6pm on 10 September 2013. If the AGM were to be adjourned for any reason, then only those shareholders registered in the Register at 6pm on the day which is two working days prior to the day fixed for the adjourned meeting will be eligible to attend.
6. Copies of:
  - (i) the service contracts of each of the Directors;
  - (ii) the terms and conditions of appointment of all Non Executive Directors; and
  - (iii) the proposed rules of the Sharesave Plan and LTIP,

will be available for inspection at the registered office of the Company and at the offices of Eversheds LLP, one Wood Street, London, EC2V 7WS during usual business hours on any weekday (Saturdays and public holidays excluded) from the date of this Notice until the date of the AGM and at the place of the AGM from at least 15 minutes prior to and until the conclusion of the AGM.

7. Biographical details of the current Directors who are being proposed for re-election by shareholders are set out on pages 27 to 28 of the Company's 2013 Annual Report and Accounts.
8. Any person to whom this Notice is sent who is a person nominated under section 146 of the Companies Act 2006 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 AGM. 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. The statement of the rights of shareholders in relation to the appointment of proxies above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.
9. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member, provided they do not do so in relation to the same shares.

10. Any member attending the AGM is entitled to ask any question relating to the business being dealt with at the AGM. The Company will answer any such questions unless (i) to do so would interfere unduly with the preparation for the AGM or involve the disclosure of confidential information; or (ii) the answer has already been given on a website in the form of an answer to a question; or (iii) it is undesirable in the interests of the Company or the good order of the AGM that the question be answered.

11. As required by section 311A Companies Act 2006, from the date of this Notice and for the following two years the following information will be available on the Company's website and can be accessed at [www.nccgroup.com](http://www.nccgroup.com):

- (i) the matters set out in this Notice;
- (ii) the total number of shares in the Company and shares of each class, in respect of which members are entitled to exercise voting rights at the AGM; and
- (iii) the totals of the voting rights that members are entitled to exercise at the AGM in respect of the shares of each class.

Any members' statements, members' resolutions and members' matters of business received by the Company after the date of this Notice will be added to the information already available on the website as soon as reasonably practicable and will also be made available for the following two years.

12. Shareholders should note that it is possible that, pursuant to requests made by shareholders of the Company under section 527 of the Companies Act 2006, the Company may be required to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditors' report and the conduct of the audit) that are to be laid before the AGM; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. 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 AGM includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.

13. As at 30 July 2013 (being the latest practicable date prior to publication of this document) the Company's issued share capital consists of 207,658,416 ordinary shares of 1p each. The holders of ordinary shares are entitled to attend and vote at general meetings of the Company. On a vote by show of hands every ordinary shareholder entitled to vote has one vote. On a vote by poll every ordinary shareholder who is present in person or by proxy has one vote for every ordinary share held. Therefore the total voting rights in the Company as at 30 July 2013 were 207,658,416.

## Appendix

### SUMMARY OF PRINCIPAL TERMS OF EMPLOYEE SHARE PLANS

#### Sharesave plan ('Sharesave Plan')

The Sharesave Plan is intended to be approved by HM Revenue & Customs ('HMRC') and will be operated by the board. The Sharesave Plan is open to all eligible employees and allows for the grant of options ('Options') to acquire ordinary shares in the Company ('Shares') at a price determined by the board being not less than 80 per cent of the market value of a Share at the date of grant.

All UK resident employees and full-time Directors of any company within the Group who have been with the Group for a period determined by the board (not exceeding five years), are eligible to participate. Each participant must enter into a savings contract ('Contract') approved by the board for a period of 3 or 5 years under which he/she agrees to make monthly savings of an amount decided by him/her, up to the maximum specified by the board and permitted by the legislation (currently £250 per month).

The number of Shares over which a participant will be granted an Option will be the number of Shares which, taking into account the price payable on exercise of the Option, can be purchased with the amount saved under the Contract (which may include a bonus payable under the Contract).

Options are normally exercisable for a six month period following the third or fifth anniversary of commencement of the Contract. Early exercise is permitted in the event of cessation of employment within the Group by reason of death, injury, disability, redundancy, retirement, or the sale of the participant's employing company or business. If a participant ceases to be employed within the Group for any other reason, his outstanding Options will lapse. Early exercise is also permitted in the event of a takeover, compromise or arrangement, or voluntary winding up of the Company. On a takeover or compromise or arrangement, with the consent of the acquiring company, Options may be exchanged so as to operate over shares in the acquiring company (or a company associated with it).

#### Long Term Incentive Plan ('LTIP')

The LTIP will be operated in conjunction with the NCC Employee Benefit Trust ('Trust') which is administered by independent offshore trustees.

All employees and full-time Directors are eligible to be considered for the grant of awards under the LTIP.

Awards will take the form of nominal cost options.

The maximum value of Shares which an individual may receive under an award under the LTIP in any financial year will not exceed the amount of his annual basic salary for that financial year (or the preceding year if greater).

The vesting of an award will generally be subject to the achievement of performance conditions specified by the Remuneration Committee of the Company ('Committee') at the time of grant of the award.

If a participant ceases to be an employee before the end of the performance measurement period applicable to any award by reason of death, permanent illness or disability, that award will vest on a pro rata basis based on the period of time up to the date of cessation of employment. If a participant ceases to be an employee before the end of the performance measurement period applicable to any award for any other reason, that award will normally lapse unless the Committee determines that it may vest, in which case it will vest to the extent determined by the Committee taking into account the period of time which has elapsed since the grant of the award and such other factors as the Committee deems appropriate.

In the event of takeover, compromise or arrangement, or voluntary winding up of the Company prior to the end of the performance period applicable to any award, that award may vest to the extent determined by the Committee taking into account the performance of the Company up to that date and such other factors as the Committee deems appropriate.

Awards will be subject to clawback provisions (pursuant to which awards may be reduced or cancelled in whole or in part) in the event of a material misstatement of any accounts of the Company which have been used for assessing achievement of performance conditions, or in the event of misconduct by the participant or material breach of his/her contract of employment or fiduciary duties.



## Features common to the Sharesave Plan and LTIP

### Dilution limits

In common with the other share schemes operated by the Company, the Sharesave Plan and LTIP may operate over new issue Shares, treasury Shares or Shares purchased in the market. In any ten year period, the Company may not issue new Shares (or grant rights to issue) more than 10 per cent of the issued share capital of the Company under the Sharesave Plan, LTIP or any other employee share scheme adopted by the Company.

### Grant period

Awards and Options under the LTIP and Sharesave Plan respectively may normally be made within 42 days after the announcement by the Company of its interim or final results or of its results for any other period although awards may be made outside these periods if the circumstances are deemed to be exceptional. Without further shareholder approval, Options under the Sharesave Plan and awards under the LTIP may only be made within ten years of shareholder approval of the relevant plan.

### Rights attaching to Shares

Any Shares allotted pursuant to the Sharesave Plan or LTIP will rank equally with Shares then in issue (except for rights arising by reference to a record date prior to the date of allotment).

### Variation of share capital

In the event of a variation of share capital, the number of Shares subject to a subsisting Option or LTIP award and the price payable on exercise may be adjusted in such manner as the Committee or board determine. No adjustment can be made under the Sharesave Plan without the prior approval of HMRC.

### Amendments

The board or the Committee (respectively) may alter the Sharesave Plan and LTIP but certain amendments to the advantage of participants cannot take effect without shareholder approval, unless they are 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 or the Company or other member of the Company. The amendments which will generally require shareholder approval are amendments to the maximum and individual limits on the number of Shares which can be offered under the relevant plan, the category of persons who may participate, the basis for determining a participant's entitlement under the relevant plan, the rights attaching to Shares issued under the plan, the provisions for adjusting Options and awards in the event of a variation of share capital and the provisions for altering the terms of the relevant plan.

No alteration to a key feature of the Sharesave Plan may be made without prior HMRC.

### Pension rights

None of the benefits which may be received under the Sharesave Plan or the LTIP shall be pensionable.

