

## **Pets at Home Group Plc** **Annual General Meeting**

**Wednesday, 9 September 2015**  
**Notice of Annual General Meeting**

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THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK, SOLICITOR, ACCOUNTANT, FUND MANAGER OR OTHER APPROPRIATE INDEPENDENT FINANCIAL ADVISER.

If you have sold or otherwise transferred all of your shares in Pets at Home Group Plc (the “Company”), you should send this document as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee.

# Notice of Annual General Meeting

Notice is given that the Annual General Meeting of the Company will be held at the Hilton Hotel, 303 Deansgate, Manchester, M3 4LQ at 11.00 am on Wednesday 9 September 2015 for the following purposes and to consider, and if thought fit, to pass the following resolutions, of which resolutions 1 to 8 (inclusive) will be proposed as ordinary resolutions and resolutions 9 to 11 (inclusive) will be proposed as special resolutions.

## Ordinary resolutions

1. To receive the Company's audited financial statements for the financial year ended 26 March 2015, together with the directors' report, the strategic report and the auditor's report on those financial statements.
2. To approve the directors' remuneration report (other than the part containing the directors' remuneration policy) for the year ended 26 March 2015, as set out on pages 86 to 103 of the Company's 2015 Annual Report.
3. To declare a final dividend of 3.6 pence per ordinary share for the year ended 26 March 2015.
4. By separate resolutions, to re-elect the following individuals as directors of the Company:
  - 4A Tony DeNunzio
  - 4B Dennis Millard
  - 4C Nick Wood
  - 4D Ian Kellett
  - 4E Brian Carroll
  - 4F Amy Stirling
  - 4G Paul Coby
  - 4H Tessa Green
  - 4I Paul Moody
5. To re-appoint KPMG LLP as auditor of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company at which accounts are laid.
6. To authorise the Directors to set the fees paid to the auditor of the Company.
7. That, in accordance with section 551 of the Companies Act 2006 (the "Act"), the directors of the Company (the "Directors") be and are generally and unconditionally authorised to allot shares in the Company, or to grant rights to subscribe for or to convert any security into shares in the Company ("Rights"):
  - (i) up to an aggregate nominal amount of £1,666,666; and
  - (ii) comprising equity securities (as defined in section 560 of the Act) up to an aggregate nominal amount of £3,333,333 (such amount to be reduced by the aggregate nominal amount of any allotments or grants made under paragraph (i) of this resolution) in connection with an offer by way of rights issue:
    - (a) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing 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,

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 authorities to expire at the conclusion of the Company's next Annual General Meeting after this resolution is passed or, if earlier, at the close of business on 30 September 2016, but, in each case, so that the Company may make offers or agreements before the authority expires which would or might require shares to be allotted or Rights to be granted after the authority expires, and so that the Directors may allot shares or grant Rights in pursuance of any such offer or agreement notwithstanding that the authority conferred by this resolution has expired.

8. That, in accordance with sections 366 and 367 of the Act, the Company and its subsidiaries as at any time during the period for which this resolution has effect be and are authorised in aggregate to:
  - (i) make political donations to political parties and/or independent election candidates, not exceeding £100,000 in total;
  - (ii) make donations to political organisations other than political parties, not exceeding £100,000 in total; and
  - (iii) incur political expenditure, not exceeding £100,000 in total.

For the purposes of this authority "political parties", "independent election candidates", "political organisation" and "political expenditure" have the meanings given by sections 363 to 365 of the Act. The authority conferred under this resolution shall expire at the conclusion of the Company's next Annual General Meeting after this resolution is passed or, if earlier, at the close of business on 30 September 2016.

### Special resolutions

9. That, subject to the passing of resolution 7, in accordance with sections 570 and 573 of the Act, the Directors be and are generally empowered to allot equity securities (as defined in section 560 of the Act) for cash pursuant to the authorities granted by resolution 7 as if section 561 of the Act did not apply to any such allotment provided that this power shall be limited:
- (i) to 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 under paragraph (ii) of resolution 7, such power shall be limited to the allotment of equity securities in connection with an offer by way of rights issue only):
    - (a) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing 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,
- 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; and
- (ii) to the allotment (otherwise than in the circumstances set out in paragraph (i) of this resolution) of equity securities pursuant to the authority granted by paragraph (i) of resolution 7 up to an aggregate nominal amount of £500,000,
- such power to expire at the conclusion of the Company's next Annual General Meeting after this resolution is passed or, if earlier, at the close of business on 30 September 2016, but so that the Company may make offers or agreements before the power expires which would or might require equity securities to be allotted after the power expires and so that the Directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this authority has expired.
10. That the Company be and is generally and unconditionally authorised to make one or more market purchases (within the meaning of section 693 of the Act) of ordinary shares in the capital of the Company provided that:
- (i) the maximum aggregate number of ordinary shares authorised to be purchased is 50,000,000;
  - (ii) the minimum price which may be paid for an ordinary share is the nominal value of an ordinary share at the time of such purchase;
  - (iii) the maximum price which may be paid for an ordinary share is not more than the higher of:
    - (a) 105 per cent of the average of the middle market quotation for an ordinary share as derived from the London Stock Exchange plc's Daily Official List for the five business days immediately preceding the day on which the ordinary share is contracted to be purchased; and
    - (b) the higher of the price of the last independent trade and the highest current independent bid on the trading venue where the purchase is carried out,in each case, exclusive of expenses;
  - (iv) unless previously varied, revoked or renewed this authority shall expire at the conclusion of the Company's next Annual General Meeting after this resolution is passed or, if earlier, at the close of business on 30 September 2016;
  - (v) the Company may make a contract of purchase of ordinary shares under this authority which would or might be executed wholly or partly after the expiry of this authority, and may make a purchase of ordinary shares in pursuance of any such contract; and
  - (vi) any ordinary shares purchased pursuant to this authority may either be held as treasury shares or cancelled by the Company, depending on which course of action is considered by the Directors to be in the best interests of shareholders at the time.
11. That a general meeting other than an Annual General Meeting may be called on not less than 14 clear days' notice.

### Recommendation

Your Board believes that each of the resolutions to be proposed at the Annual General Meeting is in the best interests of the Company and its shareholders as a whole. Accordingly, the Directors unanimously recommend that shareholders vote in favour of all of the resolutions proposed, as the Directors intend to do in respect of their own beneficial holdings.

BY ORDER OF THE BOARD

Louise Stonier  
Group Company Secretary  
26 June 2015

Registered Office:  
Epsom Avenue  
Stanley Green Trading Estate  
Handforth  
Cheshire  
SK9 3RN

Registered in England and Wales  
Registered Number: 8885072

## Explanatory notes to the proposed resolutions

Resolutions 1 to 8 (inclusive) will be proposed as ordinary resolutions, which means that for each of those resolutions to be passed, more than half the votes cast must be cast in favour of the resolution. Resolutions 9 to 11 (inclusive) will be proposed as special resolutions, which means that for each of those resolutions to be passed, at least three-quarters of the votes cast must be cast in favour of the resolution.

### **Resolution 1 – Receipt of 2015 annual accounts and reports**

The Directors are required to lay the Company's annual accounts and the Directors' and auditor's reports on those accounts (collectively, the "Annual Report") before shareholders each year at the Annual General Meeting ("AGM").

### **Resolution 2 – Approval of Directors' remuneration report**

The Directors' remuneration report (the "Directors' Remuneration Report") is presented in three sections:

- the annual statement from the Chairman of the Remuneration Committee;
- the annual report on remuneration; and
- the Directors' remuneration policy.

The annual statement from the Chairman of the Remuneration Committee, set out on pages 86 to 87 of the 2015 Annual Report, summarises, for the year ended 26 March 2015, the major decisions taken on Directors' remuneration, any substantial changes relating to Directors' remuneration made during the year, and the context in which those changes occurred and decisions have been taken.

The annual report on remuneration, set out on pages 86 to 103 of the 2015 Annual Report, provides details of the remuneration paid to Directors in respect of the year ended 26 March 2015, including base salary, taxable benefits, short-term incentives (including percentage deferred), long-term incentives vested in the year, pension-related benefits, any other items in the nature of remuneration and any sum(s) recovered or withheld during the year in respect of amounts paid in earlier years.

The Directors' remuneration policy, set out on pages 94 to 103 of the 2015 Annual Report, provides details of the Company's policy on Directors' remuneration (including the policy on payments for loss of office), and was approved by the Company's shareholders at its 2014 AGM, held on 9 September 2014.

The Directors' Remuneration Report (other than the part containing the Directors' remuneration policy) is subject to an annual advisory shareholder vote by way of an ordinary resolution; Resolution 2 is to approve the Directors' Remuneration Report (other than the part containing the Directors' remuneration policy).

The Directors' remuneration policy is subject to a binding shareholder vote by way of an ordinary resolution, at least once every three years. The Directors' remuneration policy was approved by the Company's shareholders at the 2014 AGM held on 9 September 2014 and remains valid for up to three years from that date. The Company does not wish to make any changes to the Directors' remuneration policy this year and accordingly, the policy has not been submitted for shareholder approval at the 2015 AGM.

### **Resolution 3 – Declaration of final dividend**

The Board is recommending, and the shareholders are being asked to approve, the declaration of a final dividend of 3.6 pence per ordinary share for the year ended 26 March 2015. The final dividend will, subject to shareholder approval, be paid on 14 September 2015 to the holders of ordinary shares whose names are recorded on the register of members of the Company at the close of business on 14 August 2015.

### **Resolutions 4A, 4B, 4C, 4D, 4E, 4F, 4G, 4H and 4I – Individual re-election of Directors**

In accordance with the UK Corporate Governance Code (the "Code") and the Articles, every Director will stand for re-election at the AGM. Biographical details of each Director can be found on pages 66 to 67 of the 2015 Annual Report. Over half of the Directors standing for re-election are non-executive directors whom are considered independent under the Code.

### **Resolution 5 – Re-appointment of auditor**

The Company is required to appoint an auditor at each general meeting at which accounts are laid before shareholders, to hold office until the next such meeting.

The Audit Committee has reviewed the effectiveness, performance, independence and objectivity of the existing external auditor, KPMG LLP, on behalf of the Board, and concluded that the external auditor was in all respects effective.

Further, during the 2015 financial year, a competitive tender process of audit services was completed in accordance with the requirements of The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014, made by the Competition & Markets Authority, in which KPMG LLP emerged as the Company's preferred provider of audit services.

Following its success in the competitive tender process, this resolution proposes the re-appointment of KPMG LLP as auditor of the Company until the conclusion of the next AGM.

### **Resolution 6 – Authority to agree auditor's remuneration**

This resolution authorises the Directors, in accordance with standard practice, to negotiate and agree the fees to be paid to the auditor. In practice, the Audit Committee will consider and approve the remuneration of the auditor on behalf of the Board.

### **Resolution 7 – Authority to allot shares**

This resolution seeks shareholder approval to grant the Directors the authority to allot shares in the Company, or to grant rights to subscribe for or convert any securities into shares in the Company ("Rights") pursuant to section 551 of the Act (the "Section 551 authority"). The authority contained in paragraph (i) of the resolution will be limited to an aggregate nominal amount of £1,666,666, being approximately one-third of the Company's issued ordinary share capital as at 26 June 2015.

In line with guidance issued by the Investment Association, paragraph (ii) of this resolution would give the Directors authority to allot shares in the Company or grant Rights in connection with a rights issue up to aggregate nominal amount of £3,333,333, representing approximately two-thirds of the Company's issued ordinary share capital as at 26 June 2015, as reduced by the aggregate nominal amount of any allotments or grants under paragraph (A) of this resolution.

The Company does not hold any shares in treasury.

If approved, the Section 551 authority shall, unless renewed, revoked or varied by the Company, expire at the end of the Company's next AGM after the resolution is passed or, if earlier, at the close of business on 30 September 2016. The exception to this is that the Directors may allot shares or grant Rights after the authority has expired in connection with an offer or agreement made or entered into before the authority expired. The Directors have no present intention to exercise the Section 551 authority.

#### **Resolution 8 – Authority to make political donations and expenditure**

The Company does not make, and does not intend to make, any political donations (to political parties or other political organisations) or incur political expenditure. However, the Company may from time to time make donations to animal welfare organisations, societies and charities. As the law in this area is widely drafted, it could prohibit these activities unless the Company has first obtained shareholder approval.

#### **Resolution 9 – Partial disapplication of pre-emption rights**

This resolution seeks shareholder approval to grant the Directors the power to allot equity securities of the Company pursuant to section 570 and 573 of the Act (the "Section 570 and 573 power") without first offering them to existing shareholders in proportion to their existing shareholdings.

The power will be limited to allotments (i) for cash in connection with pre-emptive offers, subject to any arrangements that the Directors consider appropriate to deal with fractions and overseas requirements and (ii) otherwise for cash up to a maximum nominal value of £500,000, representing 10 per cent of the Company's issued ordinary share capital as at 26 June 2015, which is in accordance with the relevant guidelines applicable to the Company.

The Directors intend to adhere to the guidelines set out in the Pre-Emption Group's Statement of Principles (as updated in March 2015) and not to allot shares for cash on a non-pre-emptive basis pursuant to the authority in paragraph (ii) of resolution 9:

- (i) in excess of an amount equal to 5% of the Company's issued ordinary share capital; or
- (ii) in excess of an amount equal to 7.5% of the Company's issued ordinary share capital in a rolling three-year period,

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.

If approved, the Section 570 and 573 power shall apply until the end of the Company's next AGM after the resolution is passed or, if earlier, until the close of business on 30 September 2016. The exception to this is that the Directors may allot equity securities after the power has expired in connection with an offer or agreement made or entered into before the power expired. The Directors have no present intention to exercise the Section 570 and 573 power.

#### **Resolution 10 – Authority to purchase own shares**

This resolution seeks shareholder approval to grant the Company the authority to purchase its own shares pursuant to sections 693 and 701 of the Act.

This authority will be limited to an aggregate maximum number of 500,000,000 ordinary shares, representing 10 per cent of the Company's issued share capital as at 26 June 2015.

The maximum price which may be paid for an ordinary share will be an amount which is not more than the higher of (i) 5 per cent above the average of the middle market quotation for an ordinary share as derived from the London Stock Exchange plc's Daily Official List for the five business days immediately preceding the day on which the ordinary share is contracted to be purchased; and (ii) the higher of the price of the last independent trade and the highest current independent bid on the trading venue where the purchase is carried out (in each case, exclusive of expenses).

If approved, the authority shall, unless varied, revoked or renewed, expire at the end of the Company's next AGM after the resolution is passed or, if earlier, at the close of business on 30 September 2016. The Directors have no present intention of exercising all or any of the powers conferred by this resolution and will only exercise their authority if it is in the best interests of shareholders generally.

As at 26 June 2015, the Company had granted options and awards under its colleague share plans over in aggregate 11,858,597 ordinary shares (assuming full vesting and exercise). This represents 2.37 per cent of the Company's issued share capital as at 26 June 2015. If the Company were to buy back the maximum number of ordinary shares allowed under the authority under this resolution, and then cancel those shares, the total number of options and awards would represent approximately 2.64 per cent of the Company's issued share capital as at 26 June 2015.

#### **Resolution 11 – Notice period for general meetings other than AGMs**

This resolution seeks shareholder approval to allow the Company to continue to call general meetings (other than AGMs) on 14 clear days' notice. In accordance with the Companies (Shareholders' Rights) Regulations 2009, the notice period required for general meetings of the Company is 21 days unless shareholders approve a shorter notice period (subject to a minimum period of 14 clear days). AGMs will continue to be held on at least 21 clear days' notice.

If approved, the approval will be effective until the Company's next AGM, when it is intended that a similar resolution will be proposed. The Company intends to only use the shorter notice period where the flexibility would be helpful given the business of the meeting and where the Company considers it is to the advantage of shareholders as a whole.

In accordance with the Act, the Company must make a means of electronic voting available to all shareholders for that meeting in order to be able to call a general meeting on less than 21 clear days' notice.



## Explanatory notes as to the proxy, voting and attendance procedures at the Annual General Meeting

1. The holders of ordinary shares in the Company are entitled to attend the Annual General Meeting and are entitled to vote. A member entitled to attend and vote may appoint a proxy to exercise all or any of their rights to attend, speak and vote at a general meeting of the Company. Such a member may appoint more than one proxy, provided that each proxy is appointed to exercise the rights attached to different shares. A proxy need not be a member of the Company.
2. A form of proxy is enclosed with this notice. To be effective, a form of proxy must be completed and returned, together with any power of attorney or authority under which it is completed or a certified copy of such power or authority, so that it is received by the Company's registrars at the address specified on the form of proxy by 11.00 am on 7 September 2015 (or, in the event of an adjournment, not less than 48 hours before the stated time of the adjourned meeting (excluding any part of a day that is not a working day)). Returning a completed form of proxy will not preclude a member from attending the meeting and voting in person.
3. Any person to whom this notice is sent who is a person nominated under section 146 of the Act to enjoy information rights (a "Nominated Person") may, under an agreement between him and the shareholder by whom he was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he 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 in paragraphs 1 and 2 above does not apply to Nominated Persons. The rights described in paragraphs 1 and 2 can only be exercised by ordinary shareholders of the Company.
4. To be entitled to attend and vote at the Annual General Meeting (and for the purposes of the determination by the Company of the number of votes they may cast), members must be entered on the Company's register of members by 6.00 pm on 7 September 2015 (or, in the event of an adjournment, by 6.00 pm, on the date which is two days before the stated time of the adjourned meeting (excluding any part of a day that is not a working day)). Changes to entries on the register of members after this time shall be disregarded in determining the rights of any person to attend or vote at the meeting.
5. As at 26 June 2015, the Company's issued share capital consists of 500,000,000 ordinary shares of £0.01 each, carrying one vote each.
6. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so 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 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.
7. 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](http://www.euroclear.com)). 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 3RA50) by 11.00 a.m. on 7 September 2015 (or, in the event of an adjournment, not less than 48 hours before the stated time of the adjourned meeting (excluding any part of a day that is not a working day)). 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.
8. 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 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.
9. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5) (a) of the Uncertified Securities Regulations 2001.
10. 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 that they do not do so in relation to the same shares.
11. Under section 527 of the 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 accounts and reports were laid in accordance with section 437 of the Act. 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 Act. Where the Company is required to place a statement on a website under section 527 of the 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 Act to publish on a website.

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12. Any member holding ordinary shares attending the meeting has the right to ask questions. The Company must answer any such questions 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 preparation for 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.
  13. A copy of this notice, and other information required by section 311A of the Act, can be found at <http://investors.petsathome.com>.
  14. You may not use an electronic address provided in either this notice of Annual General Meeting or any related documents (including the Proxy Form) to communicate with the Company for any purposes other than those expressly stated.
  15. The following documents will be available for inspection at the Company's registered office during normal business hours (Saturdays, Sundays and public holidays excepted) from the date of this notice until the date of the Annual General Meeting and at the place of the Annual General Meeting for 15 minutes prior to and during the meeting:
    - (A) copies of all service agreements under which Directors of the Company are employed by the Company or any subsidiary; and
    - (B) a copy of the terms of appointment of the non-executive Directors of the Company.

