

**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 manager, solicitor, accountant or other professional adviser immediately.**

---

If you are in any doubt as to any aspect of the proposals referred to in this document or as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser authorised under the Financial Services and Markets Act 2000 immediately.

If you have sold or otherwise transferred all of your shares, please send this document, together with the accompanying documents, at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

## NOTICE OF ANNUAL GENERAL MEETING

The logo for Card Factory, featuring the words "Card Factory" in a bold, white, sans-serif font, centered within a solid black rectangular background.

(incorporated and registered in England and Wales under number 9002747)

Notice of the 2015 Annual General Meeting of the Company to be held at the offices of Linklaters LLP, One Silk Street, London EC2Y 8HQ on 27 May 2015 at 10.00 a.m. is set out on pages 3 to 5 of this document.

A form of proxy for use at the Annual General Meeting is enclosed and, to be valid, should be completed and returned in accordance with the instructions printed on the form so as to be received by Card Factory plc's Registrars, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, United Kingdom as soon as possible but, in any event, so as to arrive no later than 10.00 a.m. on 22 May 2015. Completion and return of a form of proxy will not prevent members from attending and voting in person should they wish to do so.

# Part I – Letter from the Chairman

---

**Registered Office:**

Century House  
Brunel Road  
41 Industrial Estate  
Wakefield  
West Yorkshire  
WF2 0XG

23 April 2015

To the holders of Card Factory plc shares

**NOTICE OF ANNUAL GENERAL MEETING 2015**

Dear Shareholder,

On behalf of the directors of Card Factory plc (together the “Directors”), it gives me great pleasure to invite you to attend the first Annual General Meeting (“AGM”) of Card Factory plc (the “Company”) which will be held at the offices of Linklaters LLP, One Silk Street, London EC2Y 8HQ on 27 May 2015 at 10.00 a.m.

The formal notice of AGM is set out in Part II on pages 3 to 5 of this document detailing the resolutions that the shareholders are being asked to vote on with notes to the notice of AGM being set out in Part III on pages 6 and 7. Details of the arrangements for the AGM are set out in these notes.

If you would like to vote on the resolutions but cannot attend the AGM, please fill in the proxy form sent to you with this notice and return it in accordance with the instructions printed on the form as soon as possible. It must be received by 10.00 a.m. on 22 May 2015.

An explanation of the business to be considered at this year’s AGM appears in Part IV on pages 8 and 9 of this document.

The Directors consider that all the resolutions to be proposed at the AGM are in the best interests of the Company and its shareholders as a whole. Your Board will be voting in favour of them and unanimously recommends that you vote in favour of them.

Yours sincerely,

Geoff Cooper  
Chairman

# Part II – Notice of the Annual General Meeting

Notice is hereby given that the Annual General Meeting of Card Factory plc will be held at the offices of Linklaters LLP, One Silk Street, London EC2Y 8HQ on 27 May 2015 at 10.00 a.m. for the following purposes.

Resolutions 15 to 17 (inclusive) will be proposed as special resolutions. All other resolutions will be proposed as ordinary resolutions.

## **ORDINARY RESOLUTIONS**

### **Reports and Accounts**

1. THAT the audited accounts of the Company for the financial year ended 31 January 2015, together with the Directors' Report and Auditors' Reports thereon, be received.

### **Dividend**

2. THAT a final dividend of 4.5p per ordinary share for the year ended 31 January 2015 be declared.

### **Directors**

3. THAT Geoff Cooper be re-elected as a Director of the Company.
4. THAT Richard Hayes be re-elected as a Director of the Company.
5. THAT Darren Bryant be re-elected as a Director of the Company.
6. THAT Octavia Morley be re-elected as a Director of the Company.
7. THAT David Stead be re-elected as a Director of the Company.
8. THAT Paul McCrudden be re-elected as a Director of the Company.

### **Directors' Remuneration Policy**

9. THAT the Directors' Remuneration Policy, set out on pages 51 to 59 in the annual report and accounts for the financial year ended 31 January 2015 (the "Annual Report and Accounts") be approved.

### **Directors' Annual Report on Remuneration (excluding the Directors' Remuneration Policy)**

10. THAT the Directors' Annual Report on Remuneration (excluding the Directors' Remuneration Policy) set out on pages 60 to 65 in the Annual Report and Accounts be approved.

### **Auditors**

11. THAT KPMG LLP be re-appointed as auditors of the Company (the "Auditors") to hold office until the conclusion of the next general meeting of the Company at which accounts are laid before the Company.
12. THAT the audit committee of the Company (the "Audit Committee") be authorised to agree the remuneration of the Auditors.

### **Directors' authority to allot shares**

13. THAT the Directors be generally and unconditionally authorised pursuant to and in accordance with Section 551 of the Companies Act 2006 (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 up to a nominal amount of £1,135,654, such authority to apply in substitution for all previous authorities pursuant to Section 551 of the 2006 Act and to expire at the end of the next Annual General Meeting or on 31 July 2016, whichever is the earlier, but so that the Company may, before such expiry, make offers and enter into agreements 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 given by this resolution has expired.

## **SAYE Scheme 2015**

### **14. THAT:**

- (i) the rules of the Card Factory plc SAYE Scheme 2015 (the “Plan”), the principal features of which are summarised in Appendix 1 to this Notice of Annual General Meeting, and a copy of which is produced in draft to the Annual General Meeting, be approved, and the Directors be authorised to do all things necessary to operate the Plan, including making such modifications as the Directors consider appropriate to maintain favourable tax treatment for participants and to take account of the requirements of the Financial Conduct Authority and best practice; and
- (ii) the Directors be authorised to establish such further plans for the benefit of employees overseas based on the Plan subject to such modifications as may be necessary or desirable to take account of overseas security laws, exchange control and tax legislation provided that any Ordinary Shares of the Company made available under such further plans are treated as counting against any limits on individual or overall participation in the Plan; and
- (iii) the Directors be authorised to vote and be counted in a quorum on any matter connected with the Plan and any other plan established pursuant to those resolutions notwithstanding that they may be interested in the same, except that no Director may be counted in a quorum or vote in respect of his own participation, and any provisions of the Articles of Association of the Company be and hereby are relaxed to that extent accordingly.

## **SPECIAL RESOLUTIONS**

### **Disapplication of pre-emption rights**

15. THAT, subject to the passing of Resolution 13 above, the Directors be empowered to allot equity securities (as defined in Section 560(1) of the 2006 Act) wholly for cash pursuant to the authority given by Resolution 13 above or where the allotment constitutes an allotment of equity securities by virtue of Section 560(3) of the 2006 Act, in each case:

- (i) in connection with a pre-emptive offer; and
- (ii) otherwise than in connection with a pre-emptive offer, up to an aggregate nominal amount of £340,696;

as if Section 561(1) of the 2006 Act did not apply to any such allotment;

such power to expire at the end of the next Annual General Meeting or on 31 July 2016, whichever is the earlier, but so that the Company may, before such expiry, make offers and enter into agreements which would, or might, require equity securities to be allotted after the power given by this resolution has expired.

For the purposes of this Resolution:

- (a) “pre-emptive offer” means an offer of equity securities open for acceptance for a period fixed by the Directors to (a) holders (other than the Company) on the register on a record date fixed by the Directors of ordinary shares in proportion to their respective holdings and (b) other persons so entitled by virtue of the rights attaching to any other equity securities held by them, but subject in both cases to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates or legal, regulatory or practical problems in, or under the laws of, any territory;
- (b) references to an allotment of equity securities shall include a sale of treasury shares; and
- (c) the nominal amount of any securities shall be taken to be, in the case of rights to subscribe for or convert any securities into shares of the Company, the nominal amount of such shares which may be allotted pursuant to such rights.

#### **Authority to purchase own shares**

16. THAT the Company be and is hereby generally and unconditionally authorised for the purpose of Section 701 of the 2006 Act to make market purchases (as defined in Section 693(4) of the 2006 Act) of ordinary shares of 1p each in the capital of the Company (“Ordinary Shares”), provided that:
- (a) the maximum number of Ordinary Shares that may be purchased is 34,069,623;
  - (b) the minimum price that may be paid for an Ordinary Share shall not be less than the nominal value of such share;
  - (c) the maximum price to be paid for each Ordinary Share shall be the higher of (i) an amount equal to 5% above the average of the middle market quotation for the Company’s Ordinary Shares as derived from the London Stock Exchange’s Daily Official List for the five business days’ prior to the purchase being made and (ii) the higher of the price of the last independent trade and the highest current independent bid on the London Stock Exchange at the time the purchase is carried out;
  - (d) this authority shall expire at the conclusion of the next Annual General Meeting or, if earlier 31 July 2016, unless such authority is previously renewed, varied or revoked by the Company in a general meeting; and
  - (e) the Company may enter into a contract to purchase its Ordinary Shares under this authority prior to its expiry, which will or may be executed wholly or partly after such expiry.

#### **Notice of general meetings**

17. THAT a general meeting other than an annual general meeting may be called on not less than 14 clear days’ notice.

BY ORDER OF THE BOARD

Shiv Sibal  
Company Secretary

23 April 2015

Registered in England and Wales  
No.9002747

Registered Office:  
Card Factory plc  
Century House  
Brunel Road  
41 Industrial Estate  
Wakefield  
West Yorkshire  
WF2 0XG

# Part III – Notes to the Notice of the Annual General Meeting

## NOTES

### Proxy appointment

1. A member is entitled to appoint another person as their proxy to exercise all or any of their rights to attend and to speak and vote at the AGM. A proxy need not be a shareholder of the Company. A shareholder may appoint more than one proxy in relation to the AGM provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder.
2. A form of proxy is enclosed with this notice. The appointment of a proxy will not prevent a member from subsequently attending and voting at the meeting in person. In the case of joint holders, any one holder may vote. If more than one holder is present at the meeting, only the vote of the senior will be accepted, seniority being determined in the order in which the names appear in the share register of the Company.
3. To appoint a proxy the form of proxy, and any power of attorney or other authority under which it is executed (or a duly certified copy of any such power or authority), must be either: (a) sent to the Company's Registrars, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, United Kingdom; or (b) the proxy appointment must be lodged using the CREST Proxy Voting Service in accordance with Note 11 below; in each case so as to be received no later than 10.00 a.m. on 22 May 2015.

### Nominated persons

4. The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to receive communications from the Company in accordance with Section 146 of the 2006 Act ("nominated persons"). Nominated persons may have a right under an agreement with the member who holds the shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if nominated persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights.

### Information about shares and voting

5. Holders of ordinary shares are entitled to attend and vote at general meetings of the Company. The total number of issued ordinary shares in the Company on 21 April 2015, which is the latest practicable date before the publication of this document is 340,696,235, carrying one vote each on a poll. Therefore, the total number of votes exercisable as at 21 April 2015 are 340,696,235.

### Right to attend and vote

6. Entitlement to attend and vote at the meeting, and the number of votes which may be cast at the meeting, will be determined by reference to the Company's register of members at 6.00 p.m. on 22 May 2015 or, if the meeting is adjourned, 48 hours before the time fixed for the adjourned meeting (as the case may be). In each case, changes to the register of members after such time will be disregarded.

### Entry to the AGM, security arrangements and conduct of proceedings

7. To facilitate entry to the meeting, members are requested to bring with them the admission card which is attached to the proxy card. Persons who are not members of the Company (or their appointed proxy) will not be admitted to the AGM unless prior arrangements have been made with the Company.
8. Members should note that the doors to the AGM will be open at 9.30 a.m.
9. Mobile phones may not be used, and laptops, cameras and recording equipment may not be taken into the AGM.

### CREST members

10. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting (and any adjournment of the meeting) by following 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) should refer to their CREST sponsor or voting service provider, who will be able to take the appropriate action on their behalf.
11. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, 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 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 RA19) by the latest time(s) for receipt of proxy appointments specified in Note 3 above. 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 a proxy appointed through CREST should be communicated to him by other means.

12. CREST members (and, where applicable, their CREST sponsors or voting service providers) should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that his/her CREST sponsor or voting service provider takes) 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.
13. 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.

#### **Corporate representatives**

14. 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.

#### **Audit concerns**

15. Shareholders should note that, 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 AGM for the financial year beginning 1 February 2014; or (ii) any circumstance connected with an auditor of the Company appointed for the financial year beginning 1 February 2014 ceasing to hold office since the previous meeting at which annual accounts and reports were laid. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with Sections 527 or 528 (requirements as to website availability) 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 AGM for the relevant financial year includes any statement that the Company has been required under Section 527 of the 2006 Act to publish on a website.

#### **Questions**

16. Any member 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 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.

#### **Website information**

17. A copy of this notice and other information required by Section 311A of the 2006 Act can be found at [www.cardfactoryinvestors.com](http://www.cardfactoryinvestors.com).

#### **Voting**

18. Each of the resolutions to be put to the meeting will be voted on by a show of hands.

#### **Use of electronic address**

19. Members may not use any electronic address provided in either this notice of meeting or any related documents (including the enclosed form of proxy) to communicate with the Company for any purposes other than those expressly stated.

#### **Documents available for inspection**

20. Copies of the letters of appointment between the Company and its non-executive directors and copies of any executive directors' service contracts will be available during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Company up to and including the date of the AGM and also at the place of the AGM from 15 minutes prior to the commencement of the meeting until the conclusion thereof.

# Part IV – Explanatory Notes to the Resolutions

The following pages give an explanation of the proposed resolutions.

Resolutions 1 to 14 are proposed as ordinary resolutions. This means that for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution.

Resolutions 15 to 17 are proposed as special resolutions. This means that for each of those resolutions to be passed, at least three-quarters of the votes cast must be in favour of the resolution.

## **RESOLUTION 1: REPORTS AND ACCOUNTS**

The first item of business is the receipt by shareholders of the audited accounts for the financial year ended 31 January 2015 together with the Directors' Report and the Auditors' Report.

## **RESOLUTION 2: DECLARATION OF A FINAL DIVIDEND**

This resolution seeks shareholder approval of the final dividend recommended by the Directors. The Directors are proposing a final dividend of 4.5p per ordinary share in the Company. If approved, the final dividend will be payable on 5 June 2015 to those shareholders on the register at the close of business on 1 May 2015.

## **RESOLUTIONS 3-8: RE-ELECTION OF DIRECTORS**

Provision B.7.1 of the UK Corporate Governance Code requires that all the directors of FTSE 350 companies should seek re-election by shareholders on an annual basis. All Directors currently in office will therefore seek re-election at the AGM. Separate resolutions are proposed for each of these re-elections. The Board has reviewed the role of each of the Directors and remains satisfied that each of the Directors continues to be fully competent to carry out their responsibilities as a member of the Board of Directors and, following a formal performance evaluation, that each such Director's performance continues to be effective and to demonstrate commitment to the role. Biographical details for these Directors are provided in Appendix 2.

## **RESOLUTIONS 9 AND 10: DIRECTORS' REMUNERATION**

These resolutions deal with the remuneration of the directors and seek approval of the Directors' Remuneration Policy and of the remuneration paid to the Directors during the year under review respectively.

Changes to the 2006 Act in relation to the reporting of executive directors' remuneration, which came into force with effect in October 2013, require the Company to ask shareholders to approve the Directors' Remuneration Policy section of the Directors' Remuneration Report. This is set out on pages 51 to 59 of the Annual Report and Accounts. Resolution 9 is a binding vote, which means that payments cannot be made under the policy until it has been approved by shareholders. If approved by shareholders, the Directors' Remuneration Policy will take effect immediately after the end of the AGM and will apply for up to three years without a new shareholder approval, unless replaced by a new or amended policy.

The Company is also required to ask shareholders to approve the Directors' Annual Report on Remuneration (excluding the Directors' Remuneration Policy), which sets out how the Directors' Remuneration Policy has been applied during the financial year being reported on and how it will be applied in the coming year. The Directors' Annual Report on Remuneration is set out on pages 60 to 65 of the Annual Report and Accounts. Resolution 10 is an advisory vote.

## **RESOLUTION: 11 RE-ELECTION OF AUDITORS**

The board, on the recommendation of the Audit Committee, recommends the re-election of KPMG LLP as Auditors, to hold office until the next meeting at which accounts are laid.

## **RESOLUTION 12: REMUNERATION OF AUDITORS**

This resolution seeks shareholder consent for the Audit Committee of the Company to set the remuneration of the Auditors.

## **RESOLUTION 13: DIRECTORS' AUTHORITY TO ALLOT SHARES**

The purpose of Resolution 13 is to renew the Directors' power to allot shares.

The authority will allow the Directors to allot new shares and grant rights to subscribe for, or convert other securities into, shares up to a nominal value of £1,135,654, which is equivalent to approximately 33% of the total issued ordinary share capital of the Company, exclusive of treasury shares, as at 21 April 2015.

At 21 April 2015, the Company did not hold any shares in treasury.

There are no present plans to undertake a rights issue or to allot new shares other than in connection with employee share and incentive plans. The Directors consider it desirable to have the maximum flexibility permitted by the Investment Association's Share Capital Management Guidelines/corporate governance guidelines to respond to market developments and to enable allotments to take place to finance business opportunities as they arise.

If the resolution is passed the authority will expire on the earlier of 31 July 2016 and the end of the Company's Annual General Meeting in 2016.

#### **RESOLUTION 14: SAYE SCHEME 2015**

This resolution seeks shareholder consent for the Company to adopt a SAYE Scheme. Detailed terms of the Scheme are found at Appendix 1.

#### **RESOLUTION 15: DISAPPLICATION OF PRE-EMPTION RIGHTS**

If the Directors wish to allot new shares and other equity securities, or sell treasury shares, for cash (other than in connection with an employee share scheme), company law requires that these shares are offered first to shareholders in proportion to their existing holdings.

The purpose of Resolution 15 is to authorise the Directors to allot new shares pursuant to the authority given by Resolution 13, or sell treasury shares, for cash in connection with a pre-emptive offer or rights issue or otherwise up to a nominal value of £340,696, equivalent to 10% of the total issued ordinary share capital of the Company as at 21 April 2015, in each case without the shares first being offered to existing shareholders in proportion to their existing holdings. There are currently no treasury shares in existence.

The Board considers the authority in this resolution to be appropriate in order to allow the Company flexibility to finance business opportunities or to conduct a pre-emptive offer or rights issue without the need to comply with the strict requirements of the statutory pre-emption provisions.

The Board intends to adhere to the provisions 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 Resolution 15:

- (i) in excess of an amount equal to 5% of the total issued ordinary share capital of the Company excluding treasury shares; or
- (ii) in excess of an amount equal to 7.5% of the total issued ordinary share capital of the Company excluding treasury shares within a 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.

#### **RESOLUTION 16 – AUTHORITY TO PURCHASE OWN SHARES**

The effect of this resolution is to renew the authority granted to the Company to purchase its own Ordinary Shares, up to a maximum of 34,069,623 Ordinary Shares, until the Annual General Meeting in 2016 or 31 July 2016 whichever is the earlier. This represents approximately 10% of the Ordinary Shares in issue as at 21 April 2015 (excluding shares held in treasury) and the Company's exercise of this authority is subject to the stated upper and lower limits on the price payable.

Pursuant to the 2006 Act, the Company can hold the shares which have been repurchased itself as treasury shares and either resell them for cash, cancel them, either immediately or at a point in the future, or use them for the purposes of its employee share schemes. The Directors believe that it is desirable for the Company to have this choice and therefore intend to hold any shares purchased under this authority as treasury shares. Holding the repurchased shares as treasury shares will give the Company the ability to re-sell or transfer them in the future, and so provide the Company with additional flexibility in the management of its capital base. No dividends will be paid on, and no voting rights will be exercised in respect of, treasury shares.

Shares will only be repurchased for use for the purposes of employee share schemes, or if the directors consider such purchases to be in the best interests of shareholders generally and that they can be expected to result in an increase in earnings per share. The authority will only be used after careful consideration, taking into account market conditions prevailing at the time, other investment opportunities, appropriate gearing levels and the overall financial position of the Company.

As at 21 April 2015 (being the latest practicable date prior to the publication of this Notice), there were 2,214,635 options and awards outstanding over Ordinary Shares under all share schemes operated by the Company, which, if exercised would represent 0.65% of the issued ordinary share capital of the Company (excluding any shares held in treasury). If this authority were exercised in full, that percentage would increase to 0.72%.

#### **RESOLUTION 17: NOTICE OF GENERAL MEETINGS**

Under the 2006 Act, the notice period required for all general meetings of the Company is 21 days. Annual General Meetings will always be held on at least 21 clear days' notice but shareholders can approve a shorter notice period for other general meetings, as long as this is not less than 14 clear days.

In order to maintain flexibility for the Company, Resolution 17 seeks such approval. The approval will be effective until the Company's next Annual General Meeting, when it is intended that a similar resolution will be proposed.

# Appendix 1 – The Card Factory plc SAYE Scheme 2015

The Company is seeking shareholder approval to adopt a new all-employee share plan. The principal terms of the Card Factory plc SAYE Scheme 2015 (the “Plan”) are set out below.

A copy of the draft rules of the Plan may be inspected at the offices of Linklaters LLP, One Silk Street, London, EC2Y 8HQ during usual business hours on weekdays (Saturdays and public holidays excluded) until the date of the AGM, and also at the place of the AGM for at least 15 minutes prior to, and during, the AGM.

## 1 OVERVIEW

The Plan is an all-employee plan under which employees may be invited to apply for options to acquire shares in the Company. The number of shares over which the options are granted is determined by the amount which the employee commits to save under a savings contract. The Plan is designed to meet the requirements of tax legislation which provides favourable tax treatment for participants who are employees of participating companies and subject to income tax in the United Kingdom.

Options under the Plans are granted for no consideration, are personal to the participant and may generally not be transferred or assigned. Options will not be pensionable.

The Plan may be terminated at any time and, in any event, options under the Plan may not be granted after the 10th anniversary of approval of the Plan by shareholders.

## 2 INVITATIONS

When the Plan is operated, invitations must be sent to any employee or full-time director that satisfies the following conditions. The conditions are the individual:

- is employed by the Company or any participating subsidiary of the Company; and
- has been continuously employed by the Company or a participating subsidiary of the Company for a minimum period (up to 5 years).

In addition the Directors may send invitations to any other employee (including executive directors) of the Company or any participating subsidiary of the Company who do not meet those criteria.

Invitations will normally be made within 42 days of an announcement of results or a general meeting of the Company’s shareholders, but may be made at other times in exceptional circumstances.

## 3 SAVINGS CONTRACT

The principle of the Plan is that an employee is granted an option to acquire Company shares at a fixed option price (see below). The employee must enter into a savings contract and save at least £5 - £10 (as determined by the Company) but not more than £500 per month (or such other sum as may be allowed by legislation). Shares can only be bought with the amount saved plus any bonus paid under the savings contract.

## 4 OPTION PRICE

The option price must not be less than 80% of the market value of the shares on the business day before the date of grant (or such other date as agreed with the tax authority) or the average market value over the 3 preceding business days.

## 5 SATISFYING OPTIONS

In any 10 year period, not more than 10% of the issued ordinary share capital of the Company may be issued or be issuable under the Plan and all other employees’ share plans operated by the Company. This limit does not include options which have lapsed.

Options may also be satisfied using treasury shares. If such shares are used, the Company will, so long as required under the guidelines of the Investment Association, count them towards the dilution limit set out above.

Where options are satisfied using shares purchased on-market, the dilution limit set out above will not apply. An employee trust may operate in connection with the Plan.

## 6 LEAVING EMPLOYMENT

Options will normally lapse when the participant ceases to be employed. However, if employment ends because of injury, disability, retirement, redundancy or a sale of the employing company or business, options immediately become exercisable to the extent of the related savings. Options will remain exercisable for six months and then lapse. Options will also become exercisable in circumstances of death.

---

## **7 TAKEOVERS**

In the event of a change of control of the Company, options become exercisable to the extent of the related savings. The Directors may determine that options will remain exercisable for up to six months from the date of the event and then lapse. Alternatively, options may be exchanged for options over shares in the acquiring company.

## **8 ISSUE OF SHARES**

Any shares issued on the exercise of options will rank equally with shares of the same class in issue on the date of allotment except in respect of rights arising by reference to a prior record date.

## **9 VARIATION IN SHARE CAPITAL**

Options may be adjusted following any variation in the share capital of the Company, provided that any such adjustment does not cause the options to cease to comply with the requirements of the relevant tax legislation.

## **10 AMENDMENTS TO THE PLAN**

The Directors may amend the Plan as they consider appropriate. However, shareholder approval will be required to amend certain provisions to the advantage of optionholders. These provisions relate to: eligibility; individual and plan limits; option price; rights attaching to options and shares; adjustment of options on variation in the Company's share capital; and the amendment powers.

The Directors can make, without shareholder approval, amendments to the Plan to obtain or maintain the tax efficiency of the Plan. They can also make certain minor amendments, without shareholder approval.

If desirable, the Plan may be extended to overseas employees on terms appropriate to the jurisdiction in which they work. In this circumstance the Directors may also, without shareholder approval, establish further plans based on the Plan, but modified to take account of overseas securities laws, exchange controls or tax legislation. Shares made available under such further plans will be treated as counting against any limits on participation in the Plan.

# Appendix 2 – Directors’ Biographical Details

## **GEOFF COOPER – Chairman**

Geoff joined the Board and became Chairman of the Group in April 2014. Geoff has over 20 years’ experience of serving on boards of UK public companies, in particular as Chief Executive of Travis Perkins plc from March 2005 until December 2013. Geoff is also a director of Dunelm Group plc, where he has been non-executive Chairman since 2004 and an adviser to Charterhouse Capital Partners LLP. He is a chartered management accountant and had a career in management consultancy before joining Gateway (subsequently Somerfield plc) as Finance Director in 1990. In 1994, he became Finance Director of UniChem plc, subsequently Alliance UniChem plc (which later became part of Alliance Boots plc), where he was appointed Deputy Chief Executive in 2001.

## **RICHARD HAYES – Chief Executive Officer**

Richard was appointed Managing Director in 2008 (subsequently renamed Chief Executive Officer in 2010), prior to which he held the positions of Finance Director and Commercial Director of the Group. He was appointed to the Board of Card Factory plc on 30 April 2014. During his time at the Company, Richard has been actively involved in, and since 2008 has overseen, the Group growing from a 40-store discount chain to a vertically integrated value retailer with over 750 stores and two transactional websites. Richard led the 2010 MBO funded by Charterhouse and oversaw the continued growth under Charterhouse’s ownership. Before he joined the Group in 2003, Richard spent 19 years at RBS working mainly in the Corporate Division.

## **DARREN BRYANT – Chief Financial Officer**

Darren was appointed Group Finance Director in June 2009 (subsequently renamed Chief Financial Officer in 2010) having previously been a Partner at PwC LLP. He was appointed to the Board of Card Factory plc on 30 April 2014. Darren spent over 17 years at PwC, principally in the London Corporate Finance division, where he advised on a wide range of private company, private equity and public company transactions. He also spent two years on secondment at The Panel on Takeovers & Mergers in the late 1990s where he regulated a large number of public company transactions. Darren is a Fellow of the Institute of Chartered Accountants in England and Wales and holds a First Class MEng degree in Electrical & Electronic Engineering with Business Studies from Imperial College, London University.

## **OCTAVIA MORLEY – Senior Independent Non-Executive Director**

Octavia joined the Board as Senior Independent Non-Executive Director in April 2014. Octavia is currently the Chief Executive of Oka Direct Limited and has eight years’ experience of serving on boards of UK public companies. She has served on the board of John Menzies plc as a Non-Executive director since 2006. Octavia was previously the Managing Director of Crew Clothing Co. Limited. She also served as Chief Executive Officer, and latterly as Chairman of LighterLife UK Limited until December 2009 and has also held positions as Commercial Director of Woolworths plc between 2003 and 2005 and as Managing Director of e-commerce at Asda Stores Limited and as Buying and Merchandising Director at Laura Ashley plc.

## **DAVID STEAD – Independent Non-Executive Director**

David Stead joined the Board as an Independent Non-Executive Director in April 2014. He has over 15 years’ experience as a director of companies in the UK retail sector. David has held the role of Finance Director of Dunelm Group plc since September 2003. Prior to this, David served as Finance Director for Boots The Chemists and Boots Healthcare International between 1991 and 2003. David is a chartered accountant, having spent the early part of his career with KPMG, and currently leads the Finance and HR departments for Dunelm Group plc.

## **PAUL McCRUDDEN – Independent Non-Executive Director**

Paul joined the Board as an Independent Non-Executive Director in December 2014. Paul is currently EMEA Head of Content Marketing at Twitter and prior to that was Head of Social Media at advertising agency AMV BBDO. In his earlier career Paul was Account Director at Imagination (a creative brand agency) and a Consultant in New Technologies at Accenture. He is also Chairman of the board of trustees of Hoipolloi, a film and theatre production company funded by the Arts Council England.