

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

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 seek your own advice from a stockbroker, solicitor, accountant or other professional adviser.

If you have sold or otherwise transferred all of your shares, please pass this document together with the accompanying documents to the purchaser or transferee, or to the person who arranged the sale or transfer, so they can pass these documents to the person who now holds the shares.

# **HSS HIRE GROUP PLC**

(incorporated and registered in England and Wales under number 09378067)

## **NOTICE OF ANNUAL GENERAL MEETING**

Notice of the annual general meeting (**AGM**) of HSS Hire Group plc (the **Company**) to be held at 2.30pm on 16 June 2015 at Haberdashers' Hall, 18 West Smithfield, London EC1A 9HQ, is set out at the end of this circular.

Whether or not you propose to attend the AGM, please complete and submit the enclosed proxy form in accordance with the instructions printed on it. The proxy form must be received by the Company's registrars, Equiniti, by no later than 2.30pm on 12 June 2015.

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## PART I – CHAIRMAN’S LETTER

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### HSS Hire Group plc

(incorporated and registered in England and Wales under number 09378067)

#### Registered Office:

25 Willow Lane  
Mitcham  
Surrey  
CR4 4TS

11 May 2015

To the holders of Ordinary Shares of £0.01 each in the capital of the Company (**Ordinary Shares**).

#### Notice of Annual General Meeting

Dear Shareholder,

I am pleased to be writing to you with details of our AGM, which we are holding at Haberdashers’ Hall, 18 West Smithfield, London EC1A 9HQ on 16 June 2015 at 2.30pm. The formal notice of the AGM is set out on page 03 of this document.

The Ordinary Shares were admitted to the premium listing segment of the Official List of the Financial Conduct Authority (**FCA**) and to trading on the London Stock Exchange’s main market for listed securities on 9 February 2015. Although the Company is not obliged to hold an AGM until 2016, we are pleased to hold one this year as it gives us the opportunity to meet with our shareholders and to renew certain resolutions that were passed immediately prior to the Company’s initial public offering.

#### Notice of general meetings

The Shareholders’ Rights Directive was implemented in the UK in August 2009. One of the Directive’s requirements is that all general meetings must be held on 21 days’ notice unless shareholders agree to a shorter notice period. We are proposing a resolution at the AGM so that we can give you 14 days’ or more notice of a general meeting. It will only be effective until our next AGM, when we may propose a similar resolution. It is intended that the shorter notice period would not be used as a matter of routine for such meetings but only where the flexibility is merited by the business of the meeting and is thought to be in the interests of shareholders as a whole.

#### Electronic communications

We are also proposing a resolution at the AGM to allow us to benefit from the rules set out in the Companies Act 2006 (the **Act**) for communications between companies and shareholders. Under these rules, a shareholder will be assumed to have agreed to the Company publishing documents and information on a website if certain conditions are met and procedures followed. One of the conditions is that the Company’s shareholders have passed a resolution allowing the Company to publish information via a website. Shareholders will, however, be able to ask for a hard copy of any document at any time and free of charge. These arrangements are expected to save considerable administrative, printing and postage costs, while preserving shareholders’ rights to receive hard copy documents if they wish.

#### Explanatory notes

Explanatory notes on all the business to be considered at this year’s AGM appear on pages 07 and 08 of this document.

#### Recommendation

The Directors consider that all the resolutions to be put to 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 do so as well.

#### Action to be taken

If you would like to vote on the resolutions but cannot come to the AGM, please fill in the proxy form sent to you with this notice and return it to our registrars, Equiniti, as soon as possible and in any event so as to reach Equiniti **by no later than 2.30pm** on 12 June 2015. Alternatively, you may appoint a proxy electronically. Information about how you may vote electronically is given in the notes on pages 05 and 06 of this document.

#### Attendance of the AGM

If you intend to attend this year’s AGM please email our Assistant Company Secretary, Paul Devereux, to advise your attendance (email [pdevereux@hss.com](mailto:pdevereux@hss.com)).

Yours faithfully,

#### Alan Peterson

Chairman

# HSS HIRE GROUP PLC

## NOTICE OF ANNUAL GENERAL MEETING

This year's AGM will be held at Haberdashers' Hall, 18 West Smithfield, London EC1A 9HQ on 16 June 2015 at 2.30pm. You will be asked to consider and pass the resolutions below. Resolutions 12 to 15 (inclusive) will be proposed as special resolutions. All other resolutions will be proposed as ordinary resolutions.

### Ordinary resolutions

1. To re-elect Alan Peterson as a Director of the Company who retires in accordance with article 111 of the Company's articles of association (the **Articles**) with effect from the end of the AGM.
2. To re-elect Neil Sachdev as a Director of the Company who retires in accordance with article 111 of the Articles with effect from the end of the AGM.
3. To re-elect John Christopher Davies as a Director of the Company who retires in accordance with article 111 of the Articles with effect from the end of the AGM.
4. To re-elect Steve Trowbridge as a Director of the Company who retires in accordance with article 111 of the Articles with effect from the end of the AGM.
5. To re-elect John Gill as a Director of the Company who retires in accordance with article 111 of the Articles with effect from the end of the AGM.
6. To re-elect Fiona Perrin as a Director of the Company who retires in accordance with article 111 of the Articles with effect from the end of the AGM.
7. To re-elect Amanda Burton as a Director of the Company who retires in accordance with article 111 of the Articles with effect from the end of the AGM.
8. To re-elect Douglas Robertson as a Director of the Company who retires in accordance with article 111 of the Articles with effect from the end of the AGM.
9. To re-elect Thomas Sweet-Escott as a Director of the Company who retires in accordance with article 111 of the Articles with effect from the end of the AGM.
10. That:
  - (a) the Directors of the Company be generally and unconditionally authorised for the purposes of section 551 of the Act to:
    - (i) allot shares in the Company, and to grant rights to subscribe for or to convert any security into shares in the Company:
      - (A) up to an aggregate nominal amount of £515,873; and
      - (B) comprising equity securities (as defined in the Act) up to an aggregate nominal amount of £1,031,746 (including within such limit any shares issued or rights granted under paragraph (a)(i)(A) above) in connection with an offer by way of a rights issue:
        - (l) to holders of Ordinary Shares in proportion (as nearly as may be practicable) to their existing holdings; and
        - (ll) to people who are holders of other equity securities if this is required by the rights of those securities or, if the Directors consider it necessary, as permitted by the rights of those securities;

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;

for a period expiring (unless previously renewed, varied or revoked by the Company in general meeting) at the end of the next annual general meeting of the Company after the date on which this resolution is passed (or, if earlier, at the close of business on the date that is 15 months after the date this resolution is passed); and

- (ii) make an offer or agreement which would or might require shares to be allotted, or rights to subscribe for or convert any security into shares to be granted, after expiry of this authority and the Directors may allot shares and grant rights in pursuance of that offer or agreement as if this authority had not expired;
  - (b) subject to paragraph (c) below, all existing authorities given to the Directors pursuant to section 551 of the Act be revoked by this resolution; and
  - (c) paragraph (b) above shall be without prejudice to the continuing authority of the Directors to allot shares, or grant rights to subscribe for or convert any security into shares, pursuant to an offer or agreement made by the Company before the expiry of the authority pursuant to which such offer or agreement was made.
11. That the Company and all companies that are its subsidiaries, at any time up to the end of the next AGM of the Company (or, if earlier, at the close of business on the date that is 15 months after the date this resolution is passed), be authorised, in aggregate, to:
    - (a) make political donations to political parties and/or independent election candidates not exceeding £100,000 in total;
    - (b) make political donations to political organisations other than political parties not exceeding £100,000 in total; and
    - (c) incur political expenditure not exceeding £100,000 in total.

For the purposes of this authority the terms 'political donation', 'political parties', 'independent election candidates', 'political organisation' and 'political expenditure' have the meanings given by sections 363 to 365 of the Act.

### Special resolutions

12. That, in place of all existing powers, the Directors of the Company be generally empowered, pursuant to sections 570 and 573 of the Act, to allot equity securities (as defined in the Act) in the Company for cash pursuant to the authority conferred by resolution 10 as if section 561 of the Act did not apply to such allotment. This power:
  - (a) expires (unless previously renewed, varied or revoked by the Company in general meeting) at the end of the next annual general meeting of the Company after the date on which this resolution is passed (or, if earlier, at the close of business on the date that is 15 months after the date this resolution is passed), but the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry, and the directors may allot equity securities in pursuance of that offer or agreement as if this power had not expired; and

## NOTICE OF ANNUAL GENERAL MEETING CONTINUED

(b) shall be limited to the allotment of equity securities in connection with an offer of equity securities (but in the case of the authority granted under Resolution 10(a)(i)(B), by way of a rights issue only):

- (i) to the holders of Ordinary Shares in proportion (or as nearly as may be practicable) to their existing holdings; and
- (ii) to people who hold other equity securities, if this is required by the rights of those securities, or, if the directors consider it necessary, as permitted by the rights of those securities,

except that the Directors may impose any limits or restrictions and make 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

(c) in the case of the authority granted under Resolution 10(a)(i)(A), shall be limited to the allotment of equity securities for cash (otherwise than pursuant to paragraph (b) above) up to an aggregate nominal amount of £154,760.

This power applies in relation to a sale of shares which is an allotment of equity securities by virtue of section 560(3) of the Act as if, in the first paragraph of this resolution, the words 'pursuant to the authority conferred by resolution 10' in the notice of the meeting were omitted.

13. That the Company be and is hereby generally and unconditionally authorised to make market purchases (within the meaning of section 693(4) of the Act) of its Ordinary Shares, subject to the following conditions:

- (a) the maximum number of Ordinary Shares authorised to be purchased is 15,476,190;
- (b) the minimum price (exclusive of expenses) which may be paid for an Ordinary Share is £0.01 (being the nominal value of an Ordinary Share);
- (c) the maximum price (exclusive of expenses) which may be paid for each Ordinary Share is the higher of: (i) an amount equal to 105% of the average of the middle market quotations of an Ordinary Share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Ordinary Share is contracted to be purchased; and (ii) an amount equal to the higher of the price of the last independent trade of an Ordinary Share and the highest current independent bid for an Ordinary Share as derived from the London Stock Exchange Trading System (**SETS**);
- (d) this authority shall expire at the close of the AGM of the Company held in 2016 (or, if earlier, at the close of business on the date that is 18 months after the date this resolution is passed); and
- (e) a contract to purchase shares under this authority may be made before the expiry of this authority, and concluded in whole or in part after the expiry of this authority.

14. That the Company may send or supply any document or information that is required or authorised to be sent or supplied to a member or any other person by the Company by a provision of the Companies Acts (as defined in section 2 of the Act), or pursuant to the Articles or to any other rules or regulations to which the Company may be subject, by making it available on a website, and the provisions of the Act which apply to sending or supplying a document or information required or authorised to be sent or supplied by the Companies Acts by making it available on a website shall, the necessary changes having been made, also apply to sending or supplying any document or information required or authorised to be sent by the Articles or any other rules or regulations to which the Company may be subject by making it available on a website and this resolution shall supersede any provision in the Articles to the extent that it is inconsistent with this resolution.

15. That a general meeting of the Company, other than an AGM, may be called on not less than 14 clear days' notice.

11 May 2015

By order of the Board

**Patrick Hartrey**  
Company Secretary

**Registered Office:**  
25 Willow Lane  
Mitcham  
Surrey  
CR4 4TS

Registered in England and Wales No. 09378067

## NOTES

### Entitlement to attend and vote

1. The right to attend and vote at the AGM is determined by reference to the Company's register of members. Only a member entered in the register of members at 6.00pm on 12 June 2015 (or, if the AGM is adjourned, in the register of members at 6.00pm two business days prior to the adjourned AGM) is entitled to attend and vote at the AGM and a member may vote in respect of the number of Ordinary Shares registered in the member's name at that time. Changes to the entries in the register of members after that time shall be disregarded in determining the rights of any person to attend and vote at the AGM.

### Proxies

2. Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the AGM. 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. A proxy need not be a shareholder of the Company. A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice. If you do not have a proxy form and believe that you should have one, or if you require additional forms, please contact Equiniti on 0871 384 2030\* (or +44 (0) 121 415 7047 from outside the United Kingdom).

\* Calls to this number cost 8p per minute plus network extras. Lines are open from 8.30am to 5.30pm, Monday to Friday.

A shareholder may only appoint a proxy or proxies by:

- completing and returning the proxy form enclosed in this pack to the Company's registrars, Equiniti;
- going to [www.sharevote.co.uk](http://www.sharevote.co.uk) and following the instructions provided; or
- if they are a user of the CREST system (including CREST Personal Members), having an appropriate CREST message transmitted.

### Sharevote

You may, if you wish, register the appointment of a proxy or proxies, or voting instructions for the AGM, electronically by logging on to [www.sharevote.co.uk](http://www.sharevote.co.uk). You will need to use a 25-digit number made up of your Voting ID, Task ID and Shareholder Reference Number printed on your proxy form. Full details of the procedure are given on the website, [www.sharevote.co.uk](http://www.sharevote.co.uk). The proxy appointment and/or voting instructions must be received by Equiniti by 2.30pm on 12 June 2015. Please note that any electronic communication sent to the Company or Equiniti that is found to contain a computer virus will not be accepted. The use of the internet service in connection with the AGM is governed by Equiniti's condition of use set out on the website, [www.sharevote.co.uk](http://www.sharevote.co.uk), which may be read by logging on to that site.

### CREST

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 16 June 2015 and any adjournment(s) thereof by using the procedures described in the CREST manual (available at [www.euroclear.com](http://www.euroclear.com)). 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 Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST manual. The message, regardless of whether it constitutes the

appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by Equiniti (ID RA19) by 2.30pm on 12 June 2015. 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 Equiniti 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 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(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. CREST personal members, sponsored members and CREST members who have appointed a voting service provider(s) should contact their CREST sponsor or voting service provider(s) for assistance with appointing proxies via CREST.

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

Further details of the appointment of proxies are given in the notes to the proxy form enclosed with this pack.

You may not use any electronic address provided in this notice of AGM to communicate with the Company for any purposes other than those expressly stated. To appoint more than one proxy, please print out and fill in a separate copy of the proxy form.

**IMPORTANT: In any case your proxy form must be received by the Company's registrars, Equiniti, by no later than 2.30pm on 12 June 2015.**

### Corporate representatives

3. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers, provided that if two or more representatives purport to vote in respect of the same shares:
  - if they purport to exercise the power in the same way as each other, the power is treated as exercised in that way; and
  - in other cases, the power is treated as not exercised.

### Nominated persons

4. 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/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.
5. The statement of the rights of shareholders in relation to the appointment of proxies in paragraph 2 above does not apply to Nominated Persons. The rights described in that paragraph can only be exercised by shareholders of the Company.

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## NOTES CONTINUED

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### Issued share capital and total voting rights

6. As at 29 April 2015 (being the last practicable date prior to the publication of this notice) the Company's issued share capital consisted of 154,761,904 Ordinary Shares, carrying one vote each. Therefore, the total number of voting rights in the Company as at 29 April 2015 is 154,761,904.

### Members' rights to ask questions

7. Any member attending the AGM 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 AGM but no such answer need be given if:
- to do so would interfere unduly with the preparation for the AGM or involve the disclosure of confidential information;
  - the answer has already been given on a website in the form of an answer to a question; or
  - it is undesirable in the interests of the Company or the good order of the AGM that the question be answered.

### 8. Inspection of documents

The following documents will be available for inspection during normal business hours at 25 Willow Lane, Mitcham, Surrey CR4 4TS, from 2 June 2015 until the beginning of the AGM and at Haberdashers' Hall, 18 West Smithfield, London EC1A 9HQ, from 15 minutes before the AGM until the end of the AGM:

- copies of the executive directors' service contracts; and
- copies of the letters of appointment of the Non-Executive Directors.

### 9. Website

A copy of this notice, and other information required by s311A of the Act, can be found at [www.hsshiregroup.com](http://www.hsshiregroup.com).

### 10. Voting results

The results of the voting at the AGM will be announced through a Regulatory Information Service and will appear on our website [www.hsshiregroup.com](http://www.hsshiregroup.com) as soon as practicable after the AGM.

## EXPLANATORY NOTES TO THE NOTICE OF AGM

The notes on the following pages explain the proposed resolutions.

Resolutions 1 to 11 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 12 to 15 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.

### Resolutions 1 to 9: Re-election of Directors who are retiring under the Articles

Resolutions 1 to 9 propose the re-election of all Directors in accordance with the Articles. The re-elections of directors will take effect at the conclusion of the AGM.

Biographical details for each of these Directors are set out in the prospectus published by the Company on 22 January 2015 in connection with its initial public offering. The Board considers that each of the Directors proposed for re-election continues to make an effective and valuable contribution and demonstrates commitment to the role. The Board is content that, with the exception of Alan Peterson and Thomas Sweet-Escott, each Non-Executive Director offering himself for re-election is appropriately experienced, independent in character and that there are no relationships or circumstances likely to affect his character or judgement. Independence is determined by ensuring that, apart from receiving their fees for acting as Directors, Non-Executive Directors do not have any other material relationship or transactions with the Group, its promoters, its management or its subsidiaries, which in the judgement of the Board may affect their independence of judgement. Accordingly, the Board unanimously recommends the re-election of these Directors.

On 16 May 2014, the FCA announced the commencement of new rules which provide protections for the minority shareholders of a premium listed company in which there is a 'controlling shareholder' (defined by the FCA as 'any person whom exercises or controls, on their own or together with any person with whom they are acting in concert, 30% or more of the votes able to be cast on all or substantially all matters at general meetings of the company'). Under these new rules, the election or re-election by the shareholders of an Independent Non-Executive Director must be approved by an ordinary resolution of the shareholders and separately approved by those shareholders who are not controlling shareholders (the **Independent Shareholders**). If the ordinary resolution to approve the election or re-election of an existing Independent Non-Executive Director is passed, but separate approval by the Independent Shareholders is not given, the Listing Rules permit an existing Independent Non-Executive Director to remain in office pending a further ordinary resolution of all the shareholders to approve the election or re-election of that Director. Such a resolution may only be voted on within the period of between 90 days and 120 days following the date of the original vote.

The Company intends to seek the separate approval of its Independent Shareholders for each of resolutions 2, 7 and 8 proposing the appointment of an Independent Non-Executive Director. Such approval will be sought following the vote on each of those resolutions by the Company's shareholders and will be sought by discounting from the result of the vote on each such resolution the votes of those shareholders who are identified as controlling shareholders of the Company as at 12 June 2015. As at 29 April 2015, Exponent Private Equity Partners GP II, LP, Exponent Private Equity Founder Partner GP II Limited and Exponent Havana Co-Investment Partners GP Limited (together the Company's controlling shareholder) held in aggregate 77,959,090 Ordinary Shares, representing 50.4% of the Company's issued share capital.

Separate approval will be given by the Independent Shareholders if it is given by Independent Shareholders representing a simple majority of the total voting rights of Independent Shareholders who vote. The Company will, on announcing the result of the AGM, announce, in respect of resolutions 2, 7 and 8, the result of both the vote of the Company's shareholders and the vote of the Independent Shareholders.

If separate Independent Shareholder approval is not given for any relevant resolution, the Company intends that the relevant appointment will continue for 120 days from the date of the original vote, unless a further ordinary resolution for re-election is passed. If a further ordinary resolution to approve the re-election of the relevant Director is defeated, his or her appointment will cease on that resolution being defeated.

### Resolution 10: Authority to allot shares

The Company's Directors may only allot shares or grant rights to subscribe for, or convert any security into, shares if authorised to do so by shareholders. This resolution seeks to grant authority under section 551 of the Act to authorise the Directors to allot shares in the Company or grant rights to subscribe for, or convert any security into, shares in the Company and will expire at the conclusion of the next AGM of the Company in 2016 (or, if earlier, at the close of business on the date that is 15 months after the date this resolution is passed). Paragraph (a)(i) (A) of Resolution 10 will, if passed, authorise the directors to allot shares or grant rights to subscribe for, or to convert any security into, such shares in the Company up to a maximum nominal amount of £515,873. This amount represents approximately one-third of the Company's existing issued Ordinary Share capital (excluding treasury shares) as at 29 April 2015 (being the latest practicable date prior to publication of this notice). Paragraph (a)(i)(B) of Resolution 10 authorises the Directors to allot, including the shares referred to in (a)(i)(A), further of the Company's unissued shares up to an aggregate nominal amount of £1,031,746 in connection with a pre-emptive offer to existing shareholders by way of a rights issue (with exclusions to deal with fractional entitlements to shares and overseas shareholders to whom the rights issue cannot be made due to legal and practical problems). This amount represents approximately two-thirds of the Company's existing issued Ordinary Share capital (excluding treasury shares) as at 29 April 2015 (being the latest practicable date prior to publication of this notice). This is in accordance with the latest guidelines published by the Investment Association.

This authority will expire on the conclusion of the AGM of the Company next year (or, if earlier, at the close of business on the date that is 15 months after the date this resolution is passed). The board considers it is prudent to maintain the flexibility that this authority provides and intends to renew the authority annually.

The Company holds no treasury shares as at 29 April 2015.

### Resolution 11: Authority to make political donations

It is not proposed or intended to alter the Company's policy of not making political donations, within the normal meaning of that expression. However, it may be that some of the Company's activities may fall within the potentially wide definition of a political donation in the Act and, without the necessary authorisation, the Company's ability to communicate its views effectively to political audiences and to relevant interest groups could be inhibited. Such activities may include briefings at receptions or conferences – where the Company seeks to communicate its views on issues vital to its business interests – including, for example, conferences of a party political nature or of special interest groups in areas relevant to the Company's business.

Accordingly, the Company believes that the authority contained in resolution 11 is necessary to allow it and its subsidiaries to fund activities which it is in the interests of shareholders that the Company should support. Such authority will enable the Company and its subsidiaries to be sure that they do not, because of any uncertainty as to the bodies or the activities covered by the Act, unintentionally commit a technical breach of the Act. Any expenditure which may be incurred under authority of this resolution will be disclosed in next year's annual report.

## EXPLANATORY NOTES TO THE NOTICE OF AGM CONTINUED

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

Under section 561(1) of the Act, if the Directors wish to allot Ordinary Shares, or grant rights to subscribe for, or convert securities into, Ordinary Shares, or sell treasury shares for cash (other than pursuant to an employee share scheme) they must first offer them to existing shareholders in proportion to their holdings. There may be occasions, however, when the directors need the flexibility to issue shares for cash without a pre-emptive offer to existing shareholders, which can be done under the Act if the shareholders have first waived their pre-emption rights by special resolution. Resolution 12 asks the shareholders to do this and provides that the Directors be authorised to allot equity securities for cash pursuant to the authority referred to in resolution 10 as if section 561(1) of the Act did not apply to such allotment.

Apart from rights issues or any other pre-emptive offer concerning equity securities, the authority contained in this resolution will be limited to the issue of shares for cash up to an aggregate nominal value of £154,760 (which includes the sale on a non-pre-emptive basis of any shares held in treasury), which represents approximately 10% of the Company's issued Ordinary Share capital as at 11 May 2015 (being the latest practicable date prior to the publication of this notice).

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 12:

- (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.

This resolution also seeks a disapplication of the pre-emption rights on a rights issue so as to allow the Directors to make exclusions or such other arrangements as may be appropriate to resolve legal or practical problems which, for example, might arise with overseas shareholders. Shareholders should note that this resolution also relates to treasury shares and will be proposed as a special resolution. If given, the authority will expire at the conclusion of the AGM of the Company to be held in 2016 or, if earlier, the close of business on the date that is 15 months after the date the resolution is passed.

The Company's Directors intend to renew this authority annually.

### Resolution 13: Authority to purchase own shares

This resolution, which will be proposed as a special resolution, authorises the Company to make market purchases of its own Ordinary Shares as permitted by the Act. The authority limits the number of shares that could be purchased to a maximum of 15,476,190 (representing approximately 10% of the issued share capital of the Company as at 11 May 2015) and sets minimum and maximum prices. This authority will expire at the conclusion of the AGM of the Company next year (or, if earlier, at the close of business on the date that is 18 months after the date this resolution is passed).

The Directors have no present intention of exercising the authority to purchase the Company's Ordinary Shares but will keep the matter under review, taking into account market conditions, the cash reserves of the Company, the Company's share price and the overall financial position of the Company, among other factors. The authority will be exercised only if the Directors believe that to do so would be likely to promote the success of the Company for the benefit of its shareholders as a whole and, where required by the Company's controlling shareholder, if The Panel on Takeovers and Mergers first provides a waiver from Rule 9 of The City Code on Takeover and Mergers.

Any purchases of Ordinary Shares would be by means of market purchases through the London Stock Exchange. Any shares purchased under this authority may either be cancelled or held as treasury shares. Treasury shares may subsequently be cancelled, sold for cash or used to satisfy options issued to employees pursuant to the Company's employees' share schemes.

The authority will be valid only until the conclusion of the next AGM in 2016 (or, if earlier, at the close of business on the date that is 18 months after the date this resolution is passed).

### Resolution 14: Electronic communications

The purpose of resolution 14 is to allow the Company to take advantage of rules under the Act for communications between companies, shareholders and others.

Under the Act, a shareholder is assumed to have agreed to the Company publishing documents and information on a website if certain conditions are met and procedures followed. Shareholders can, however, ask for a hard copy of any document at any time and free of charge.

One of the conditions is that the Company's shareholders have resolved that the Company may send or supply documents or information to members by making them available on a website. The resolution covers all documents or information that the Company may send to shareholders. This includes, but is not limited to, annual accounts and reports, summary financial statements, notices of general meetings and any documents which the Company is required to send to shareholders under the FCA's Listing Rules or other rules to which the Company is subject. The resolution supersedes any inconsistent provisions in the Articles.

If the resolution is passed, the Company will send each member an individual request, asking them to agree that the Company may send or supply documents or information by means of a website. The request will explain that, if the Company has not received a response within 28 days beginning with the day on which the request is sent, the shareholder will be deemed to have agreed. The request will be sent to all shareholders so that the Company has a single regime applicable to all shareholders.

Even if a shareholder fails to respond, and is taken to agree to website publication, he or she can still ask for a hard copy of any document from the Company at any time. The Company will send the copy free of charge within 21 days of receiving the request.

The Company will notify shareholders when a document or information is made available on the website. Shareholders may choose to receive this notification in hard copy or by email.

These arrangements are expected to save considerable administrative, printing and postage costs, while preserving shareholders' rights to receive hard copy documents if they wish.

### Resolution 15: Notice of general meetings

The Act sets the notice period required for general meetings of the Company at 21 days unless shareholders approve a shorter notice period, which cannot in any event be less than 14 clear days. (AGMs will continue to be held on at least 21 clear days' notice.) Resolution 15 seeks such approval. It is intended that the shorter notice period would not be used as a matter of routine for such meetings, but only where the flexibility is merited by the business of the meeting and is thought to be in the interests of shareholders as a whole. The Company undertakes to meet the requirements for electronic voting in the Act before calling a general meeting on 14 clear days' notice. If given, the approval will be effective until the Company's next AGM, when it is intended that a similar resolution will be proposed.