

# Notice of Annual General Meeting

Notice is given that the 2015 Annual General Meeting of Norcross plc will be held at 11.00am on 22 July 2015 at Mottram Hall, Wilmslow Road, Mottram St Andrew, Cheshire SK10 4QT for the purpose of considering and, if thought fit, passing the resolutions set out below. Resolutions 1 to 12 (inclusive) below will be proposed as ordinary resolutions and resolutions 13 to 15 (inclusive) below will be proposed as special resolutions.

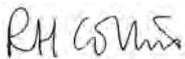
1. To receive the audited accounts and the auditor's and Directors' reports for the year ended 31 March 2015.
2. To approve the directors' remuneration report for the year ended 31 March 2015.
3. To declare a final dividend of 0.375 pence per ordinary share for the year ended 31 March 2015.
4. To re-elect Jo Hallas as a Director.
5. To re-elect Martin Towers as a Director.
6. To re-elect David McKeith as a Director.
7. To re-elect Nick Kelsall as a Director.
8. To re-elect Martin Payne as a Director.
9. To re-appoint PricewaterhouseCoopers LLP as auditor to hold office from the conclusion of this Annual General Meeting until the conclusion of the next general meeting at which accounts are laid before the Company.
10. To authorise the Directors to determine the auditor's remuneration.
11. That, subject to and conditional upon admission of the New Ordinary Shares (as defined in this resolution) to the Official List of the United Kingdom Listing Authority and to trading on the London Stock Exchange's Main Market for listed securities becoming effective, every ten ordinary shares of £0.01 each in the capital of the Company (each an **Existing Ordinary Share**) be consolidated into one ordinary share of £0.10 each (each a **New Ordinary Share**), at such time and date (if any) as the Board of Directors of the Company (**Board**) may, in its absolute discretion, determine (such time and date being no later than the first anniversary of the date on which this resolution 11 is passed), with such New Ordinary Shares having the same rights as the Existing Ordinary Shares, provided that if, as a result of such consolidation of shares, fractions of shares become attributable to members, the Board may on behalf of those members deal with the fractions as it thinks fit, including (without limitation) in either (or both) of the ways prescribed in the Articles of Association of the Company (**Articles**) as set out below:
  - (a) the Board may sell shares representing the fractions, through a member of the London Stock Exchange or other appropriate intermediary acting (in any case) on a "best execution" (or equivalent) basis or in such other manner (whether or not through an intermediary) that provides a price which the Board considers to be reasonable in the circumstances, to any person (including, subject to the statutes (as defined in the Articles) and, without limitation, the Company) and distribute the net proceeds of sale (after deducting the expenses of sale) in due proportion amongst the persons to whom such fractions are attributable (except that if the amount due to a person is less than £1.00, or such other sum as the Board may decide, the Company may retain such sum for its own benefit). To give effect to such sale the Board may:
    - (i) in the case of certificated shares, authorise a person to execute an instrument of transfer of shares to the purchaser or as the purchaser may direct, or
    - (ii) in the case of uncertificated shares, exercise any power conferred on it by article 15.9 of the Articles to effect a transfer of the shares;

The purchaser will not be bound to see to the application of the purchase monies in respect of any such sale. The title of the transferee to the shares will not be affected by any irregularity in or invalidity of the proceedings connected with the sale or transfer. Any instrument or exercise referred to in this resolution 11 shall be effective as if it had been executed or exercised by the holder of the shares to which it relates; and/or
  - (b) in relation to the fractions the Board may issue, subject to the statutes (as defined in the Articles), to a member credited as fully paid by way of capitalisation the minimum number of shares required to round up his holding of shares to a number which, following the consolidation, leaves a whole number of shares (such issue being deemed to have been effected immediately before the consolidation). The amount required to pay up those shares may be capitalised as the Board thinks fit out of amounts standing to the credit of any reserve or fund of the Company (including any share premium account, capital redemption reserve and profit and loss account), whether or not available for distribution, and applied in paying up in full the appropriate number of shares.
12. That the Directors be and are hereby generally and unconditionally authorised pursuant to Section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any security into such shares (**Allotment Rights**), but so that:
  - (a) the maximum amount of shares that may be allotted or made the subject of Allotment Rights under this authority are shares with an aggregate nominal value of £3,981,159 of which:
    - (i) one half may be allotted or made the subject of Allotment Rights in any circumstances; and
    - (ii) the other half may be allotted or made the subject of Allotment Rights pursuant to any rights issue (as referred to in the Financial Conduct Authority's listing rules) or pursuant to any arrangements made for the placing or underwriting or other allocation of any shares or other securities included in, but not taken up under, such rights issue;

## Notice of Annual General Meeting continued

- (b) this authority shall expire 18 months after the passing of this resolution or, if earlier, on the conclusion of the Company's next Annual General Meeting;
- (c) the Company may make any offer or agreement before such expiry which would or might require shares to be allotted or Allotment Rights to be granted after such expiry; and
- (d) all authorities vested in the Directors on the date of the notice of this Annual General Meeting to allot shares or to grant Allotment Rights that remain unexercised at the commencement of this meeting are revoked.
13. That the Directors be and are hereby empowered pursuant to Section 570 of the Companies Act 2006 to allot equity securities, as defined in Section 560 of that Act, pursuant to the authority conferred on them by resolution 12 in the notice of this Annual General Meeting or by way of a sale of treasury shares as if Section 561 of that Act did not apply to any such allotment, provided that this power is limited to:
- (a) the allotment of equity securities in connection with any rights issue or open offer (each as referred to in the Financial Conduct Authority's listing rules) or any other pre-emptive offer that is open for acceptance for a period determined by the Directors to the holders of ordinary shares on the register on any fixed record date in proportion to their holdings of ordinary shares (and, if applicable, to the holders of any other class of equity security in accordance with the rights attached to such class), subject in each case to such exclusions or other arrangements as the Directors may deem necessary or appropriate in relation to fractions of such securities, the use of more than one currency for making payments in respect of such offer, any such shares or other securities being represented by depositary receipts, treasury shares, any legal or practical problems in relation to any territory or the requirements of any regulatory body or any stock exchange; and
- (b) the allotment of equity securities (other than pursuant to paragraph (a) above) with an aggregate nominal value of £597,174, and shall expire when the authority conferred on the Directors by resolution 12 in the notice of this Annual General Meeting expires, save that, before the expiry of this power, the Company may make any offer or agreement which would or might require equity securities to be allotted after such expiry.
14. The Company is generally and unconditionally authorised pursuant to Section 701 of the Companies Act 2006 to make market purchases (as defined in Section 693 of that Act) of (i) ordinary shares of £0.10 in its capital where resolution 11 is passed and the consolidation of shares authorised thereby occurs; or otherwise (ii) ordinary shares of £0.01 each in its capital provided that:
- (a) the maximum aggregate number of such shares that may be acquired under this authority is 5,971,740 £0.10 shares where resolution 11 is passed and the consolidation of shares authorised thereby occurs; or otherwise 59,717,400 £0.01 shares;
- (b) the minimum price (exclusive of expenses) that may be paid for such a share is its nominal value;
- (c) the maximum price (exclusive of expenses) that may be paid for such a share is the maximum price permitted under the Financial Conduct Authority's listing rules or, in the case of a tender offer (as referred to in those rules), five per cent above the average of the middle market quotations for an ordinary share (as derived from the Daily Official List of London Stock Exchange plc) for the five business days immediately preceding the date on which the terms of the tender offer are announced;
- (d) this authority shall expire 18 months after the passing of this resolution or, if earlier, on the conclusion of the Company's next Annual General Meeting; and
- (e) before such expiry, the Company may enter into a contract to purchase shares that would or might require a purchase to be completed after such expiry.
15. That any general meeting of the Company that is not an Annual General Meeting may be convened by not less than 14 clear days' notice.

By order of the Board



**Richard H. Collins**  
Company Secretary  
18 June 2015

**Registered office:**  
Ladyfield House  
Station Road  
Wilmslow  
Cheshire SK9 1BU

Registered in  
England and Wales  
Company number  
3691883

### Adoption of Financial Reporting Standard (FRS) 101 'Reduced disclosure framework'

Following the publication of FRS100 Application of Financial Reporting Requirements by the Financial Reporting Council, the Company is required to change its accounting framework for its Parent Company financial statements, which is currently UK GAAP, for its financial year commencing 1 April 2015. The Company intends to adopt Financial Reporting Standard 101 'Reduced disclosure framework' for its Parent Company financial statements unless it receives objections in writing from shareholders holding in aggregate 5% or more of the total allotted shares in the Company before 30 September 2015.

## Notes

1. A member who is entitled to attend and vote at the meeting is entitled to appoint another person, or two or more persons in respect of different shares held by him, as his proxy to exercise all or any of his rights to attend and to speak and vote at the meeting.
2. The right of a member of the Company to vote at the meeting will be determined by reference to the register of members. A member must be registered on that register as the holder of ordinary shares of 1p each ("ordinary shares") by 6.00pm on 20 July 2015 in order to be entitled to attend and vote at the meeting as a member in respect of those shares.
3. A member wishing to attend and vote at the meeting in person should arrive prior to the time fixed for its commencement. A member that is a corporation can only attend and vote at the meeting in person through one or more representatives appointed in accordance with Section 323 of the Companies Act 2006, as amended. Any such representative should bring to the meeting written evidence of his appointment, such as a certified copy of a board resolution of, or a letter from, the corporation concerned confirming the appointment. Any member wishing to vote at the meeting without attending in person or (in the case of a corporation) through its duly appointed representative must appoint a proxy to do so. Forms for the appointment of a proxy that can be used for this purpose have been provided to members with this Notice of Annual General Meeting. To be valid, a proxy appointment form must be completed in accordance with the instructions that accompany it and then be delivered (together with any power of attorney or other authority under which it is signed, or a certified copy of such item) to Capita Asset Services ("Capita"), PXS at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to be received by 11.00am on 20 July 2015. Alternatively, a member may appoint a proxy online by following the instructions for the electronic appointment of a proxy at [www.capitashareportal.com](http://www.capitashareportal.com). If you have not previously registered to use this facility you will require your investor code which can be located on the enclosed proxy form. In order to be a valid proxy appointment, the member's electronic message confirming the details of the appointment completed in accordance with those instructions must be transmitted so as to be received by the same time. Members who hold their shares in uncertificated form may also use the CREST voting service to appoint a proxy electronically, as explained below. Appointing a proxy will not prevent a member from attending and voting in person at the meeting should he so wish.
4. Any person to whom this notice is sent who is currently nominated by a member of the Company to enjoy information rights under Section 146 of the Companies Act 2006, as amended, (a "nominated person") may have a right under an agreement between him and that member to be appointed, or to have someone else appointed, as a proxy for the meeting. If a nominated person has no such right or does not wish to exercise it, he may have a right under such an agreement to give instructions to the member concerned as to the exercise of voting rights. The statement in note 1 above of the rights of a member in relation to the appointment of proxies does not apply to a nominated person. Such rights can only be exercised by the member concerned.
5. Voting on all resolutions will be conducted by way of a poll, rather than a show of hands. This is a more transparent method of voting as members' votes are counted according to the number of ordinary shares held. As soon as practicable following the meeting, the results of the voting at the meeting and the numbers of proxy votes cast for and against, together with the number of votes actively withheld in respect of, each of the resolutions will be announced via a Regulatory Information Service and will also be placed on the Company's website: [www.norcros.com](http://www.norcros.com).
6. As at 17 June 2015 (being the latest practicable date prior to the printing of this document), (i) the Company's issued share capital consisted of 597,173,935 ordinary shares carrying one vote each and (ii) the total voting rights in the Company were 597,173,935.
7. Each member attending the meeting has the right to ask questions relating to the business being dealt with at the meeting which, in accordance with Section 319A of the Companies Act 2006, as amended, and subject to some exceptions, the Company must cause to be answered. Information relating to the meeting which the Company is required by the Companies Act 2006, as amended, to publish on a website in advance of the meeting may be viewed at [www.norcros.com](http://www.norcros.com). A member may not use any electronic address provided by the Company in this document or with any proxy appointment form or in any website for communicating with the Company for any purpose in relation to the meeting other than as expressly stated in it.
8. It is possible that, pursuant to members' requests made in accordance with Section 527 of the Companies Act 2006, as amended, the Company will be required to publish on a website a statement in accordance with Section 528 of that Act setting out any matter that the members concerned propose to raise at the meeting relating to the audit of the Company's latest audited accounts. The Company cannot require the members concerned to pay its expenses in complying with those sections. The Company must forward any such statement to its auditor by the time it makes the statement available on the website. The business that may be dealt with at the meeting includes any such statement.

## Notice of Annual General Meeting continued

### Notes continued

9. CREST members who wish to appoint one or more proxies through the CREST system may do so by using the procedures described in the CREST voting service section of the CREST manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed one or more voting service providers, 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 a proxy instruction made using the CREST voting service to be valid, the appropriate CREST message (a "CREST proxy appointment instruction") must be properly authenticated in accordance with the specifications of CREST's operator, Euroclear UK & Ireland Limited ("Euroclear") and must contain all the relevant information required by the CREST manual. To be valid, 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 be transmitted so as to be received by Capita (ID: RA10), as the Company's "issuer's agent", by 11.00am on 20 July 2015. After this time, any change of instruction to a proxy appointed through the CREST system should be communicated to the appointee through other means. The time of the message's receipt will be taken to be when (as determined by the timestamp applied by the CREST Applications Host) Capita is first able to retrieve it by enquiry through the CREST system in the prescribed manner. Euroclear does not make available special procedures in the CREST system for transmitting any particular message. Normal system timings and limitations apply in relation to the input of CREST proxy appointment instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or a CREST sponsored member or has appointed any voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as is necessary to ensure that a message is transmitted by means of the CREST system by any particular time. CREST members and, where applicable, their CREST sponsors or voting service provider(s) should take into account the provisions of the CREST manual concerning timings as well as its section on "Practical limitations of the system". In certain circumstances, the Company may, in accordance with the Uncertificated Securities Regulations 2001 or the CREST manual, treat a CREST proxy appointment instruction as invalid.
10. The Company takes all reasonable precautions to ensure that no viruses are present in any electronic communication which it sends but does not accept responsibility for any loss or damage arising from the opening or use of any email or attachment sent by the Company. The Company recommends that members subject all emails and attachments to virus checking procedures prior to opening or use. Any electronic communication received by the Company or Capita (including the lodgement of an electronic proxy form) which is found to contain any virus will not be accepted.
11. Copies of Directors' service contracts and letters of appointment will be available for inspection at the registered office of the Company during normal business hours each business day and at the place of the Annual General Meeting for at least 15 minutes prior to and during the meeting.
12. Information regarding this meeting, including information required by Section 311A of the Companies Act 2006, is available at [www.norcros.com](http://www.norcros.com).

# Explanatory notes

The Annual General Meeting of the Company will take place at 11.00am on 22 July 2015 at Mottram Hall, Wilmslow Road, Mottram St Andrew, Cheshire SK10 4QT. The Notice convening that meeting, together with the resolutions to be proposed, appears on pages 105 to 108 of this document. The Directors recommend all shareholders to vote in favour of all of the resolutions to be proposed, as the Directors intend to do so in respect of their own shares, and consider that they are in the best interests of the Company and the shareholders as a whole.

Explanatory notes in relation to the resolutions appear below:

## Resolution 1

### Report and accounts

For each financial year, the Directors are required to present the audited accounts, the auditor's report and the Directors' report to shareholders at a general meeting.

## Resolution 2

### Approval of the Remuneration Report

The Company is required by law to seek the approval of shareholders of its annual report on remuneration policy and practice. This does not affect the Directors' entitlement to remuneration and the result of this resolution is advisory only.

The Annual Report on Remuneration for the year ended 31 March 2015 is set out in full on pages 49 to 57 of this document. Any shareholder who would like a copy of the Annual Report and Accounts 2015 can obtain one by contacting our registrar on 0871 664 0300. Alternatively, the Annual Report and Accounts 2015 can be viewed on our website at [www.norcros.com](http://www.norcros.com).

Included in the text of the Remuneration Report is the directors' remuneration policy statement. This policy was approved by shareholders at the Company's 2014 AGM and there have been no changes to the policy since that date.

## Resolution 3

### Dividend

The payment of the final dividend requires the approval of shareholders in general meeting. If the meeting approves resolution 3, the final dividend of 0.375 pence per ordinary share will be paid on 29 July 2015 to ordinary shareholders who are on the register of members on 26 June 2015 in respect of each ordinary share.

## Resolution 4

### Re-Election of Jo Hallas

It is proposed that Jo Hallas be re-elected as a Director.

Brief biographical details of Jo can be found on page 31. The chairman confirms that, following performance evaluation, Jo's performance continues to be effective, she demonstrates commitment to the role and possesses the necessary experience and knowledge. The Board therefore unanimously recommends that Jo be re-elected as a Director.

## Resolution 5

### Re-election of Martin Towers

It is proposed that Martin Towers be re-elected as a Director.

Brief biographical details of Martin can be found on page 30. The Board confirms that, following performance evaluation, Martin's performance continues to be effective, he demonstrates commitment to the role and that he possesses the necessary experience and knowledge. The Board unanimously recommends that Martin be re-elected as a Director.

## Resolution 6

### Re-election of David McKeith

It is proposed that David McKeith be re-elected as a Director.

Brief biographical details of David can be found on page 31. The Chairman confirms that, following performance evaluation, David's performance continues to be effective, he demonstrates commitment to the role and that he possesses the necessary experience and knowledge. The Board unanimously recommends that David be re-elected as a Director.

## Resolution 7

### Re-election of Nick Kelsall

It is proposed that Nick Kelsall be re-elected as a Director.

Brief biographical details of Nick can be found on page 30. The Chairman confirms that, following performance evaluation, Nick's performance continues to be effective, he demonstrates commitment to the role and that he possesses the necessary experience and knowledge. The Board unanimously recommends that Nick be re-elected as a Director.

## Resolution 8

### Re-election of Martin Payne

It is proposed that Martin Payne be re-elected as a Director.

Brief biographical details of Martin can be found on page 31. The Chairman confirms that, following performance evaluation, Martin's performance continues to be effective, he demonstrates commitment to the role and that he possesses the necessary experience and knowledge. The Board unanimously recommends that Martin be re-elected as a Director.

## Explanatory notes continued

### Resolution 9

#### Re-appointment of auditor

The Company is required to appoint an auditor at each general meeting before which accounts are laid, to hold office until the end of the next such meeting. PricewaterhouseCoopers LLP has indicated that it is willing to continue as the Company's auditor for another year. You are therefore asked to re-appoint PricewaterhouseCoopers LLP. The Directors recommend the re-appointment of PricewaterhouseCoopers LLP.

### Resolution 10

#### Remuneration of auditor

The resolution follows best practice in giving authority to the Directors to determine the remuneration of the Company's auditor.

### Resolution 11

#### Share consolidation

##### Background

The Company has a large number of ordinary shares in issue. The share consolidation is based on every ten existing ordinary shares of £0.01 each (**Existing Ordinary Shares**) being consolidated into an ordinary share of £0.10 (a **New Ordinary Share**) with the intention that, following the share consolidation, the number of shares in issue will be more appropriate for a company of Norcross's size in the UK market. The share consolidation may also help to make the Company's shares more attractive to investors and may result in a narrowing of the bid/offer spread, thereby improving liquidity.

##### Effect of the Share Consolidation

Following the share consolidation, shareholders will still hold the same proportion of the Company's ordinary share capital as before the share consolidation (save in respect of fractional entitlements). Other than a change in nominal value, the New Ordinary Shares will carry equivalent rights under the Articles of Association of the Company to the Existing Ordinary Shares.

Application will be made to the UK Listing Authority for the New Ordinary Shares to be admitted to the Official List and to trading on London Stock Exchange plc's main market.

If an individual shareholding is not exactly divisible by 10, the share consolidation will generate an entitlement to a fraction of a New Ordinary Share. Fractions of New Ordinary Shares will be aggregated and sold for the best price reasonably obtainable on behalf of the shareholders entitled to the fractions. The net proceeds of the sale, after the deduction of the expenses of the sale, will be distributed in due proportion among the relevant shareholders, except that any individual entitlement of £1.00 or less may be retained by the Company for its benefit. Only shareholders with a holding of Existing Ordinary Shares that are not exactly divisible by 10 will be left with an entitlement to a fraction of a New Ordinary Share.

Shareholders who hold fewer than 10 Existing Ordinary Shares will still have their shareholding consolidated and their shareholding will be dealt with in accordance with the procedure for fractional entitlements to New Ordinary Shares.

For purely illustrative purposes, examples of the likely effect of the share consolidation are set out below:

Number of Existing Ordinary Shares	Number of New Ordinary Shares
6	0
10	1
15	1
20	2
28	2
30	3
79	7
100	10

Following the share consolidation and assuming no further shares are issued between the date of this document and the share consolidation becoming effective, the Company's issued ordinary share capital will comprise of 59,717,393 New Ordinary Shares. No change in the total nominal value of the Company's issued ordinary share capital will occur; it will still be approximately £5,971,739.

If the share consolidation is approved, it is proposed that it will become effective on such future date (if any) as the Directors may in their sole discretion, determine. It is expected that if the Directors exercise this power in the future, dealings in the New Ordinary Shares will commence at 8.00am on the first business day after that exercise and that new share certificates, replacing those relating to Existing Ordinary Shares, will be dispatched to Shareholders who hold their Existing Ordinary Shares in certificated form shortly thereafter. The new share certificates would be sent by pre-paid first class post, at the risk of the relevant holder of ordinary shares, to the registered address of that holder or, in the case of joint holders, to the one whose name appears first in the register of members.

Share certificates for Existing Ordinary Shares would no longer be valid and would need to be destroyed once the new documentation is received. Until a holder of certificated ordinary shares receives a new share certificate, transfers of certificated ordinary shares will be certified against the register of members.

**Resolution 11 continued****Share consolidation continued****Effect of the Share Consolidation continued**

Shareholders who hold their entitlement to New Ordinary Shares in uncertificated form through CREST would have their New Ordinary Shares arising as a result of the share consolidation credited to their CREST accounts in respect of Existing Ordinary Shares held in uncertificated form.

SHAREHOLDERS SHOULD NOT DESTROY THEIR SHARE CERTIFICATES FOR THEIR EXISTING ORDINARY SHARES UNTIL THEY HAVE RECEIVED NEW SHARE CERTIFICATES FOR THE NEW ORDINARY SHARES.

**Share schemes**

As a result of the share consolidation, existing awards granted under the Norcros plc 2011 Deferred Bonus Plan, the Norcros plc 2011 Performance Share Plan and the Norcros plc SAYE Scheme will need to be adjusted to account for the change to the share capital. These adjustments will not have an adverse impact on the participants in any of these plans and it is anticipated that the adjustments will be made by the Company shortly after the share consolidation takes effect.

**Taxation**

The following summary is intended as a general guide only and is based on current UK tax law and HM Revenue and Customs (**HMRC**) practice as at the date of this document. It relates only to certain limited aspects of the UK taxation treatment of the share consolidation for shareholders who are individual residents in the UK for tax purposes, who are the absolute beneficial owners of their ordinary shares and who hold them as investments. Shareholders who are in any doubt about their tax position, or who are subject to tax in any jurisdictions other than the UK, should take appropriate independent advice without delay.

It is expected that for the purposes of UK taxation on chargeable gains the share consolidation will be treated as follows:

- (a) The New Ordinary Shares arising from the share consolidation will result from a reorganisation of the share capital of the Company. Accordingly, to the extent that a shareholder receives New Ordinary Shares, the shareholder will not generally be treated as making a disposal of all or part of his or her holding of Existing Ordinary Shares by reason of the share consolidation being implemented, and the New Ordinary Shares which replace a shareholder's Existing Ordinary Shares as a result of the share consolidation (the **new holding**) will be treated as the same asset acquired at the same time as the shareholder's holding of Existing Ordinary Shares was acquired;
- (b) To the extent that a shareholder receives cash by virtue of a sale on his or her behalf of any New Ordinary Shares to which he or she has a fractional entitlement, the shareholder will not, in practice, normally be treated as making a part disposal of his or her holding of Existing Ordinary Shares, the proceeds instead being deducted from the base cost of the shareholder's new holding. This treatment applies where the cash received is 'small' as compared with the value of the shares in respect of which it is made. For this purpose HMRC regard 'small' as meaning 5% or less and additionally regard an amount of £3,000 or less as 'small', regardless of whether or not it would pass the 5% test. In addition, if those proceeds exceed that base cost, however, the shareholder will be treated as disposing of part or all of his or her holding of Existing Ordinary Shares and will be subject to tax in respect of any chargeable gains thereby realised; and
- (c) On a subsequent disposal of the whole or part of the New Ordinary Shares comprised in the holding, a shareholder may, depending on his or her circumstances, have a tax liability on the amount of chargeable gain realised.

**Resolution 12****Power to allot shares**

Most listed companies renew their directors' authority to issue shares at each Annual General Meeting. Such an authority was granted at last year's Annual General Meeting and is due to expire on 23 January 2016 or, if earlier, at the conclusion of the next Annual General Meeting of the Company. In accordance with best practice, this resolution seeks to renew the Directors' authority to allot shares.

Resolution 12, if passed, will renew the Directors' authority to allot shares in the capital of the Company up to a maximum aggregate nominal value of £3,981,159 (representing 39,811,590 ordinary shares of £0.10 if resolution 11 is passed and put into effect or 398,115,900 ordinary shares if £0.01 if it is not). This represents the Association of British Insurers' guideline limit of approximately two thirds of the Company's issued ordinary share capital as at 17 June 2015 (being the latest practicable date prior to the publication of this document). Of this amount, ordinary shares to an aggregate nominal value of £1,990,579.50 (representing 19,905,795 ordinary shares of £0.10 if resolution 11 is passed and put into effect or 199,057,950 ordinary shares of £0.01 if it is not) which is approximately one third of the Company's issued ordinary share capital as at 17 June 2015 (being the latest practicable date prior to the publication of this document), can only be allotted pursuant to a rights issue.

As at 17 June 2015 (being the latest practicable date prior to the publication of this document), the Company did not hold any shares in the Company in treasury. The renewed authority will remain in force until 18 months after the passing of this resolution or, if earlier, at the conclusion of the next Annual General Meeting in 2016.

The Directors have no present intention of exercising this authority. The purpose of giving the Directors this authority is to maintain the Company's flexibility to take advantage of any appropriate opportunities that may arise.

## Explanatory notes continued

### Resolution 13

#### Disapplication of pre-emption rights

The Directors are currently authorised, subject to certain limitations, to issue securities of the Company for cash without first offering them to existing shareholders in proportion to their existing shareholdings. That authority will expire on 23 January 2016 or, if earlier, at the conclusion of the next Annual General Meeting of the Company and, in accordance with best practice, this resolution (which will be proposed as a special resolution) seeks to renew the Directors' authority to disapply pre-emption rights.

Other than in connection with a rights or other similar issue or where, for example, difficulties arise in offering shares to certain overseas shareholders and in relation to fractional entitlements, the authority contained in this resolution will be limited to an aggregate nominal value of £597,174. This aggregate nominal amount equates to approximately 10% of the issued ordinary share capital of the Company as at 17 June 2015 (being the latest practicable date prior to the publication of this notice of Annual General Meeting). This resolution follows guidance from the Pre-Emption Group's revised Statement of Principles, published on 12 March 2015. Such principles provide the Company with greater flexibility to undertake non pre-emptive issuances in connection with acquisitions and specified investments. In line with the revised Statement of Principles, the Company is seeking authority to issue up to 10% of its issued ordinary share capital for cash without pre-emption rights applying. The Company confirms that it will only allot shares with a nominal value in excess of £298,587 (representing 5% of issued ordinary share capital) pursuant to this resolution where that allotment is in connection with an acquisition or specified capital investment (within the meaning given in the Statement of Principles) 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. The renewed authority will remain in force until 18 months after the passing of this resolution or, if earlier, at the conclusion of the next Annual General Meeting in 2016.

In accordance with the Statement of Principles on disapplying pre-emption rights issued by the Pre-Emption Group (which is supported by the Association of British Insurers, the National Association of Pension Funds Limited and The Investment Association), the Board confirms its intention that no more than 7.5% of the issued share capital will be issued for cash on a non pre-emptive basis during any rolling three year period.

### Resolution 14

#### Authority to purchase own shares

This resolution, which will be proposed as a special resolution, is a resolution which the Company proposes to seek on an annual basis, in line with other listed companies in the UK, to give the Company authority to buy back its own ordinary shares in the market as permitted by the Companies Act 2006. The authority limits the number of shares that could be purchased to an aggregate maximum of 5,971,740 ordinary shares of £0.10 if resolution 11 is passed and implemented or 59,717,400 ordinary shares of £0.01 if it is not, which, in each case, have an aggregate nominal value of £597,174 (representing approximately 10% of the aggregate nominal value of the issued ordinary share capital of the Company as at 17 June 2015 (being the latest practicable date prior to the publication of this document)) and sets minimum and maximum prices. The renewed authority will remain in force until 18 months after the passing of this resolution or, if earlier, at the conclusion of the next Annual General Meeting in 2016.

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 other investment opportunities. The authority will be exercised only if the Directors believe that to do so would result in an increase in earnings per share and would promote the success of the Company and be in the best interests of its shareholders generally. To the extent that any shares so purchased are held in treasury (see below), earnings per share will be enhanced until such time, if any, as such shares are resold or transferred out of treasury.

Any purchases of ordinary shares would be by means of market purchases through the London Stock Exchange. If any shares are purchased, they will be either cancelled or held in treasury. Any such decision will be made by the Directors at the time of purchase on the basis of the shareholders' best interests. Shares held in treasury can be cancelled, sold for cash or, in appropriate circumstances, used to meet obligations under employee share schemes. Any shares held in treasury would not be eligible to vote nor would any dividend be paid on any such shares. If any ordinary shares purchased pursuant to this authority are not held by the Company as treasury shares, then such shares would be immediately cancelled, in which event the number of ordinary shares in issue would be reduced.

The Directors believe that it is desirable for the Company to have this choice. Holding the repurchased shares as treasury shares gives the Company the ability to re-issue them quickly and cost effectively and provides the Company with additional flexibility in the management of its capital base.

As at 17 June 2015 (being the latest practicable date prior to the publication of this document), there were warrants and options over 33,585,444 ordinary shares in the capital of the Company, which represent, in aggregate, approximately 5.62% of the Company's issued ordinary share capital. If the authority to purchase the Company's ordinary shares was exercised in full, these options and warrants would represent approximately 6.25% of the Company's issued ordinary share capital. As at 17 June 2015 (being the latest practicable date prior to the publication of this document), the Company did not hold any shares in treasury.

### Resolution 15

#### Notice of general meeting

This special resolution is required in order to preserve the ability of the Company to convene general meetings (other than Annual General Meetings) of the Company on not less than 14 clear days' notice, rather than on not less than the 21 days' notice which would otherwise be required. In order to preserve this ability, the Company's shareholders must have approved the calling of such meetings on not less than 14 clear days' notice. Resolution 15 seeks such approval.

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

The approval will be effective until the Company's next Annual General Meeting, when it is intended that a similar resolution will be proposed. The Company will also need to meet the requirements for electronic proxy submission under the Companies (Shareholders' Rights) Regulations 2009 before it can call a general meeting on such notice.