



FENNER PLC

(Registered in England No. 329377)

This document is important and requires your immediate attention. If you are in any doubt about its content or the action you should take, you should consult immediately your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000. If you have sold or otherwise transferred all your shares in Fenner PLC, please send this document and the accompanying documents to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee.

Directors:

- * M. S. Abrahams (Chairman)
- N. M. Hobson (Chief Executive Officer)
- R. J. Perry (Group Finance Director)
- * V. Murray
- * J. N. Sheldrick
- * A. J. Wood
- * *Non-Executive Directors*

Registered Office:

Hesslewood Country Office Park,
Ferriby Road,
Hessle, East Yorkshire,
HU13 0PW

10 December 2014

Dear Shareholder,

Annual General Meeting

The Annual General Meeting ("AGM") of the Company is to be held at 10.30 a.m. on Wednesday, 14 January 2015 at City of London Club, 19 Old Broad Street, London, EC2N 1DS. A short presentation will be given by the Directors followed by the opportunity to ask questions before the commencement of the formal business of the AGM. The Notice of the Meeting is on pages 4 to 6.

Directors

Each of the Directors will retire and, being eligible, offer themselves for re-election. Separate resolutions will be proposed at the AGM for each of these re-elections.

The performance of each of the Directors continues to be effective and they continue to demonstrate commitment to their roles.

The Board are satisfied that each non-executive director remains independent in character and judgement and that there are no relationships or circumstances which are likely to affect, or could appear to affect, the director's judgement.

Biographical details of all Directors are contained on pages 37 and 38 of the Annual Report.

Auditors

A motion will be proposed to re-appoint PricewaterhouseCoopers LLP in line with the resolution numbered 11 in the Notice of the AGM. Resolution 12 in the Notice of the AGM authorises the Directors, in accordance with standard practice, to determine the auditors' remuneration.

Special Business

As you will see from the Notice of AGM, in addition to the ordinary business contained in resolutions 1 to 12, there are items of special business contained in resolutions 13 to 17 and these are explained and summarised below.

Resolutions 1 to 14 are ordinary resolutions which will be passed if more than 50% of the votes cast are in favour of the resolutions. Resolutions 15, 16 and 17 are special resolutions which will be passed if at least 75% of the votes cast are in favour of the resolutions.

Resolution 13 - The Fenner Performance Share Plan 2015

Resolution 13 seeks authority from shareholders for the implementation of an updated long-term incentive arrangement for the Company's executive directors and senior management.

The proposed Fenner Performance Share Plan 2015 (the "Plan") will continue with the existing features of the current plan save that the updated rules would extend the life of the plan for a further ten years and introduce the best practice features of clawback provisions and flexibility for holding periods to apply post vesting of awards.

In addition, the updated rules would reduce the maximum individual limit over which awards may be granted in any financial year from 300% of salary to 200% in exceptional circumstances.

A summary of the principal terms of the Plan together with details of the performance condition proposed for the first awards under the Plan to the Company's executive directors is set out in the Appendix to this Notice of AGM.

A copy of the draft rules of the Fenner Performance Share Plan 2015 will be available for inspection at New Bridge Street (an Aon Hewitt company) at 10 Devonshire Square, London EC2M 4YP during normal business hours on any weekday (Saturdays and English public holidays excepted) until the close of the Annual General Meeting and at the place of the Annual General Meeting for at least 15 minutes prior to and during the Annual General Meeting.

Resolution 14 - Authority to allot shares

In accordance with the latest institutional guidelines issued by the Investment Management Association ("IMA") (formerly the ABI), the proposed authority will allow the Directors to allot shares up to a nominal amount of £16,166,895 (which equates to 64,667,580 ordinary shares of 25p each in the capital of the Company, which is one third of the Company's existing issued share capital as at 24 November 2014 (being the latest practicable date before the printing of this document)).

As at 24 November 2014 (being the latest practicable date before the printing of this document), no shares in the Company were held as treasury shares.

The proposed new authority will last until the end of the next AGM of the Company or 29 February 2016 if earlier. This Resolution complies with guidelines issued by investor bodies and, in accordance with normal practice, the Directors intend to seek annual renewal of this authority. The Directors have no present intention of exercising this authority except in connection with the issue of ordinary shares in respect of the Company's share option plans.

Resolution 15 - Authority to allot shares for cash and disapplication of pre-emption rights

If equity securities are to be allotted for cash and treasury shares are to be sold for cash, the Companies Act 2006 requires that those equity securities and treasury shares are offered first to existing shareholders on a pro rata basis, i.e. in proportion to the number of equity securities they each hold at that time. Equity securities include the Company's ordinary shares.

There may be circumstances, however, when it is in the interests of the Company to be able to allot equity securities for cash and to sell treasury shares for cash without first offering them to existing shareholders.

Resolution 15 gives the Directors power to allot equity securities for cash (pursuant to the authority obtained in resolution 14) and to sell treasury shares for cash as if the pre-emption provisions of section 561(1) of the Companies Act 2006 do not apply. Other than in connection with a rights issue or other similar issue, the power contained in this resolution will be limited to an aggregate nominal amount of £2,425,034. This represents 9,700,137 ordinary shares of 25p each in the capital of the Company, which is approximately 5% of the Company's issued share capital as at 24 November 2014 (being the latest practicable date before the printing of this document).

This power will last until the end of the next AGM of the Company or 29 February 2016 if earlier. This resolution complies with guidelines issued by investor bodies and, in accordance with normal practice, the Directors will seek annual renewal of this power.

The Company intends to comply with the principle on disapplying pre-emption rights set out by the Pre-emption Group that (in the absence of suitable advance consultation and explanation or the matter having been specifically highlighted at the time at which the request for disapplication was made) a company should not issue more than 7.5% of its ordinary share capital for cash other than to existing shareholders in any rolling three year period.

Resolution 16 - Authority to buy own ordinary shares

Resolution 16 authorises the Company to buy its own ordinary shares in the market.

This authority allows the Company to purchase a maximum of 19,400,274 ordinary shares (which is approximately 10% of the Company's issued share capital as at 24 November 2014).

The price to be paid for any shares must not be less than 25p, being the nominal value of a share, and must not exceed 105 per cent of the average middle market quotations for the ordinary shares of the Company as derived from the London Stock Exchange Daily Official List for the 5 business days immediately preceding the day on which the ordinary shares are contracted to be purchased.

This authority will last until the end of the next AGM of the Company or 29 February 2016 if earlier.

As at 24 November 2014 (the latest practicable date before the printing of this document) options over 1,437,394 ordinary shares in the Company were outstanding under the Company's employee share schemes, representing 0.74% of the Company's issued share capital (excluding treasury shares) at that date. If the existing authority to purchase shares granted at the Company's last AGM and the proposed authority now being sought were to be exercised in full and if the shares purchased were cancelled, such options would represent 0.93% of the Company's issued share capital (excluding treasury shares) at 24 November 2014. As at 24 November 2014 the Company did not hold any treasury shares.

Pursuant to the Companies Act 2006, the Company can hold shares which have been repurchased 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 currently envisage holding 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 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. Shares held as treasury shares will not automatically be cancelled and will not be taken into account in future calculations of earnings per share (unless they are subsequently resold or transferred out of treasury).

If any shares repurchased by the Company are held in treasury and used for the purposes of its employee share schemes, so long as required under the guidelines of the IMA, the Company will count those shares towards the limits on the number of new shares which may be issued under such schemes.

This Resolution follows investor protection guidelines that are more restrictive than the Companies Act 2006 and applicable regulation and, in accordance with normal practice, the Directors will seek annual renewal of this authority. There is no current intention to exercise this authority.

Resolution 17 - Notice of General Meetings

Under the Companies Act 2006 the notice period required for general meetings of the Company is 21 clear days unless shareholders approve a shorter notice period, which cannot however be less than 14 clear days. (Annual general meetings will continue to be held on at least 21 clear days' notice).

In order to call general meetings (other than annual general meetings) on 14 clear days' notice, resolution 17 seeks such approval. The shorter notice period would not be used as a matter of routine for such meetings, but only where the flexibility offered by the shorter notice period is merited by the business of the meeting and is thought to be to the advantage of shareholders as a whole and the matter to be considered is time sensitive. The approval will be effective until the Company's next annual general meeting, when it is intended that a similar resolution will be proposed.

In order to be able to call a general meeting on less than 21 clear days' notice, the Company must make a means of electronic voting available to all shareholders for that meeting. This requirement will be satisfied if the Company offers a facility allowing shareholders to appoint a proxy by means of a website.

Action to be taken in relation to the Annual General Meeting

Whether or not you are able to attend the AGM, you are requested to complete the enclosed form of proxy which should be returned to the Registrars of the Company as soon as possible and, in any event, so as to be received by 10.30 a.m. on 12 January 2015.

Completion of a form of proxy will not preclude you from attending and voting in person at the AGM.

You may also vote on-line at www.capitashareportal.com. If you have not previously registered to use the portal, you will require your investor code which can be found on your proxy form.

The Directors consider that all the resolutions, which are to be proposed at the AGM, are in the best interests of the Company and its shareholders as a whole and they unanimously recommend shareholders to vote in favour of them, as the Directors so intend in respect of their own beneficial shareholdings.

Yours sincerely,

MARK ABRAHAMS

Chairman



FENNER PLC

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the seventy eighth Annual General Meeting ("AGM") of Fenner PLC will be held at City of London Club, 19 Old Broad Street, London, EC2N 1DS on Wednesday, 14 January 2015 at 10.30 a.m. for the following purposes:

Ordinary business

1. To receive the reports of the Directors and Auditors and the financial statements for the financial year ended 31 August 2014.
2. To approve the Board Remuneration Policy Report.
3. To approve the Board Annual Remuneration Report for the financial year ended 31 August 2014.
4. To declare a dividend.
5. To re-elect Mark Abrahams.
6. To re-elect Nicholas Hobson.
7. To re-elect Richard Perry.
8. To re-elect Vanda Murray.
9. To re-elect John Sheldrick.
10. To re-elect Alan Wood.
11. To re-appoint PricewaterhouseCoopers LLP as auditors of the Company.
12. To authorise Directors to determine the auditors' remuneration.

Special business

13. To propose as an Ordinary Resolution:

That the rules of the Fenner Performance Share Plan 2015 (the "Plan") referred to in the Chairman of the Board's letter to shareholders dated 10 December 2014 and produced in draft to this meeting and, for the purposes of identification, initialled by the Chairman, be approved and the Directors be authorised to:

- (a) make such modifications to the Plan as they may consider appropriate to take account of the requirements of best practice and for the implementation of the Plan and to adopt the Plan as so modified and to do all such other acts and things as they may consider appropriate to implement the Plan; and
- (b) establish further plans based on the Plan but modified to take account of local tax, exchange control or securities laws in overseas territories, provided that any shares made available under such further plans are treated as counting against the limits on individual or overall participation in the Plan.

EXPLANATORY NOTE TO RESOLUTION 13

Resolution 13 seeks authority from shareholders for the implementation of an updated long-term incentive arrangement for the Company's executive directors and senior management.

The proposed updated rules of the Fenner Performance Share Plan 2015 (the "Plan") will continue with the existing features of the current plan save that the updated rules would extend the life of the plan for a further ten years and introduce the best practice features of clawback provisions and flexibility for holding periods to apply post vesting of awards.

In addition, the updated rules would reduce the maximum individual limit over which awards may be granted in any financial year from 300% of salary to 200% in exceptional circumstances.

A summary of the principal terms of the Plan together with details of the performance condition policy proposed for the first awards under the Plan to the Company's executive directors is set out in the Appendix to this Notice of AGM.

14. To propose as an Ordinary Resolution:

That the Directors be and they are hereby generally and unconditionally authorised for the purposes of section 551 of the Companies Act 2006 ("the Act") to allot shares in the Company and to grant rights to subscribe for, or convert any security into, shares in the Company up to an aggregate nominal amount of £16,166,895.

Such authority shall (unless previously revoked, varied or renewed) expire at the end of the next AGM of the Company after the date on which this Resolution is passed or, if earlier, on 29 February 2016, save that the Company may before the expiry of this authority make an offer or enter into an agreement which would or might require shares in the Company to be allotted or rights to subscribe for, or convert any security into, shares in the Company to be granted after its expiry and the Directors may allot shares in the Company or grant rights to subscribe for, or convert any security into, shares in the Company pursuant to such an offer or agreement as if the authority in this Resolution had not expired, and provided further that the authority hereby conferred shall be in substitution for all previous authorities to allot shares in the Company and to grant rights to subscribe for, or convert any security into, shares in the Company conferred upon the Directors (save to the extent relied upon prior to the passing of this Resolution).

15. To propose as a Special Resolution:

That the Directors be and they are hereby empowered to allot equity securities (as defined by section 560 of the Companies Act 2006) pursuant to the authority for the purposes of section 551 of the Act conferred by resolution 14 and to sell equity securities which immediately before the sale are held by the Company as treasury shares (as defined in section 724 of the Act) in each case as if section 561(1) of the Act did not apply to such allotment or sale provided that this power shall be limited to:

- (a) the allotment of equity securities and the sale of treasury shares (otherwise than pursuant to paragraph (b) of this Resolution) up to an aggregate nominal amount of £2,425,034; and
- (b) the allotment of equity securities and the sale of treasury shares in connection with a rights issue or other issue in favour of holders of ordinary shares (not being treasury shares) where the equity securities respectively attributable to the interests of all holders of ordinary shares (not being treasury shares) are proportionate (or as nearly as may be) to the respective numbers of ordinary shares (not being treasury shares) held by them, but subject to such exclusions or other arrangements as the Directors may deem necessary or desirable to deal with fractional entitlements or problems which may arise in any overseas territory or under the requirements of any regulatory body or any stock exchange or otherwise howsoever;

and that this power shall (unless previously revoked, varied or renewed) expire at the end of the next AGM of the Company after the date on which this Resolution is passed or, if earlier, on 29 February 2016, save that the Company may before the expiry of this power make an offer or enter into an agreement which would or might require equity securities to be allotted or treasury shares to be sold after its expiry and the Directors may allot equity securities and sell treasury shares pursuant to such an offer or agreement as if the power in this Resolution had not expired.

16. To propose as a Special Resolution:

That the Company be and is hereby unconditionally and generally authorised for the purpose of Section 701 of the Companies Act 2006 to make market purchases (as defined in Section 693 of that Act) of Ordinary Shares of 25p each in the capital of the Company ("Ordinary Shares") provided that:-

- (a) the maximum number of Ordinary Shares hereby authorised to be purchased is 19,400,274;
- (b) the minimum price, exclusive of any expenses, which may be paid for an Ordinary Share is 25p, being the nominal value;
- (c) the maximum price, exclusive of any expenses, which may be paid for an Ordinary Share is an amount equal to 105 per cent of the average of the middle market quotations for an Ordinary Share as derived from the London Stock Exchange Daily Official List for the 5 business days immediately preceding the day on which the Ordinary Share is contracted to be purchased;
- (d) unless previously revoked or varied, this authority shall expire at the end of the next AGM of the Company after the date on which this Resolution is passed or, if earlier, on 29 February 2016; and
- (e) the Company may enter into a contract to purchase Ordinary Shares under this authority before the expiry of such authority, which will or may be completed or executed wholly or partly after the expiry of such authority.

17. To propose as a Special Resolution:

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
Debra Bradbury
Group Company Secretary
10 December 2014

Registered Office:
Hesslewood Country Office Park
Ferriby Road, Hessle
East Yorkshire, HU13 0PW

Notes

- (1) Voting will be conducted on a show of hands at the Annual General Meeting ("AGM") unless a poll is duly demanded. On a show of hands every shareholder who is present in person has one vote. Also, every proxy present who has been duly appointed by one or more shareholders entitled to vote on the resolution has one vote.

A proxy has one vote for and one vote against the resolution if the proxy has been duly appointed by more than one shareholder entitled to vote on the resolution and the proxy has been instructed by one or more of those shareholders to vote for the resolution and by one or more other of those shareholders to vote against it or the proxy has been instructed by one or more of those shareholders to vote in one way and is given discretion as to how to vote by one or more other of those shareholders (and wishes to use that discretion to vote in the other way).

In the case of joint holders of a share, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. Seniority is determined by the order in which the names of the shareholders stand in the register of members of the Company.

On a poll vote every shareholder who is present in person or by proxy has one vote for every share of which he is the holder.

A form of proxy is enclosed for use by shareholders. Appointment of a proxy does not preclude a shareholder from attending the AGM and voting in person.

- (2) A member entitled to attend and vote at the AGM may appoint one or more proxies (who need not be a member of the Company) to attend and to speak and to vote on his or her behalf whether by show of hands or on a poll. A member can appoint more than one proxy in relation to the Meeting, provided that each proxy is appointed to exercise the rights attaching to different shares held by him. In order to be valid an appointment of proxy (together with any authority under which it is executed or a copy of the authority certified notari ally) must be returned by one of the following methods:

- in hard copy form by post, by courier or by hand to the Company's registrars, Capita Asset Services, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU;
- via www.capitashareportal.com; or
- in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below

and in each case must be received by the Company no later than 10.30 a.m. on 12 January 2015.

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the AGM and any adjournment thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed (a) voting service provider(s) should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment, or instruction, made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ("EUI") specifications and must contain the information required for such instructions, as described in the CREST Manual available via www.euroclear.com/CREST. The message regardless of whether it relates to the appointment of a proxy or to 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 RA 10) by the latest time(s) for receipt of proxy appointments specified in the Notice of Meeting. 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. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5) of the Uncertificated Securities Regulations 2001. CREST members and where applicable, their CREST sponsors or voting service providers should note that EUI 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 therefore 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 or her 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.

- (3) 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 communication from the Company in accordance with Section 146 of the Companies Act 2006 ("nominated persons"). Nominated persons may have a right under an agreement with the registered shareholder who holds 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.
- (4) 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.
- (5) Under section 527 of the Companies Act 2006, 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 Meeting; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous Meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, 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 Meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.
- (6) Only those shareholders entered on the register of members of the Company at 6.00 p.m. on 12 January 2015 (or, in the event that the AGM is adjourned, in the register of members 48 hours before the time of any adjourned AGM excluding non-working days) will be entitled to attend or vote at such Meeting in respect of the number of shares registered in their name at that time. Changes to entries on the register of members after the relevant deadline will be disregarded in determining the rights of any person to attend or vote (and the number of votes they may cast) at the AGM or adjourned AGM.
- (7) As at 24 November 2014 (the latest practicable date prior to the publication of this Notice) the Company's issued share capital consists of 194,002,741 Ordinary Shares, carrying one vote each. Therefore, the total voting rights in the Company as at 24 November 2014 are 194,002,741.
- (8) 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 (a) to do so would interfere unduly with the preparation for the AGM 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 AGM that the question be answered.
- (9) The contents of this notice of AGM, details of the total number of shares in respect of which members are entitled to exercise voting rights at the AGM, the total voting rights that members are entitled to exercise at the AGM and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice will be available on the Company's website: www.fenner.com.
- (10) Copies of the following documents are available for inspection at the registered office of the Company during normal business hours Monday to Friday (public holidays excepted) until the conclusion of the AGM:
 - (a) the Service Contracts of the Executive Directors and the Letters of Appointment of the Non-Executive Directors;The documents referred to above will also be available for inspection during the AGM and for at least fifteen minutes before it begins.
- (11) Subject to approval at the AGM, the final dividend recommended by the Directors will be paid on 9 March 2015 to those ordinary shareholders entitled to receive the dividend and registered in the books of the Company on 30 January 2015.
- (12) Please note that the Company takes all reasonable precautions to ensure no viruses are present in any electronic communication it sends out but the Company cannot accept responsibility for loss or damage arising from the opening or use of any email or attachments from the Company and recommends that the members subject all messages to virus checking procedures prior to use. Any electronic communication received by the Company, including the lodgement of an electronic proxy form, that is found to contain any virus will not be accepted.
- (13) You may not use any electronic address provided either in this Notice of AGM or any related documents (including the chairman's letter and form of proxy) to communicate with the Company for any purposes other than those expressly stated.

APPENDIX TO NOTICE OF AGM
SUMMARY OF THE PRINCIPAL TERMS OF THE FENNER PERFORMANCE SHARE PLAN 2015 (the "Plan")

Operation

The remuneration committee of the board of directors of the Company (the "Committee") will supervise the operation of the Plan.

Eligibility

Any employee (including an executive director) of the Company and its subsidiaries will be eligible to participate in the Plan at the discretion of the Committee.

Grant of awards

The Committee may grant awards to acquire ordinary shares in the Company ("Shares") within six weeks following the Company's announcement of its results for any period. The Committee may also grant awards within six weeks of shareholder approval of the Plan or at any other time when the Committee considers there are exceptional circumstances which justify the granting of awards. It is intended that the first awards under the Plan will be made in November 2015.

The Committee may grant awards as conditional shares, nil (or nominal) cost options or as forfeitable shares. The Committee may also decide to grant cash-based awards of an equivalent value to share-based awards or to satisfy share-based awards in cash, although it does not currently intend to do so.

An award may not be granted more than 10 years after shareholder approval of the Plan.

No payment is required for the grant of an award. Awards are not transferable, except on death. Awards are not pensionable.

Individual limit

An employee may not receive awards in any financial year over Shares having a market value in excess of 150 per cent. of his annual base salary in that financial year. In exceptional circumstances, such as recruitment, this limit is increased to 200 per cent. of an employee's annual base salary.

Performance conditions

The vesting of awards will be subject to performance conditions set by the Committee. It is proposed that the performance conditions for the first awards under the Plan will be based as to one half on the Company's normalised earnings per share growth ("the "EPS element"), over three financial years commencing with the financial year in which the award is granted (the "Performance Period") and as to the other half on the Company's total shareholder return performance over the same Performance Period (the "TSR element").

The vesting of awards is also subject to an additional overarching performance condition under which the Committee may decrease, including to zero, the extent to which an award vests if it considers that the Company's underlying financial performance does not justify the level of vesting that would otherwise result.

As the first awards made under the Plan will not be made until November 2015 the targets have not been set but it is intended that these should be at least as challenging as those set for the November 2014 grants under the current long term incentive plan.

In relation to the TSR element, the performance targets for the first awards will compare the Company's TSR over the Performance Period against the TSR performance over the same period of a comparator group of companies selected by the Committee at the time of grant.

The following vesting schedule will apply to the TSR element of the first awards:

TSR ranking of the Company against the comparator group over the Performance Period	Percentage of TSR element of the Award that Vests
Upper decile or above	100%
Between upper decile and median plus 1%	On a straight-line basis between 25% and 100% based on rankings plus interpolation between intermediate rankings
Median plus 1%	25%
Below median	0%

Three month averaging periods prior to the start and end of the Performance Period will apply for the purposes of such TSR calculations.

The Committee can set different performance conditions from those described above for future awards provided that, in respect of awards granted to the Company's executive directors and senior managers, in the reasonable opinion of the Committee, the new targets are not materially less challenging in the circumstances than those described above.

The Committee may also vary the performance conditions applying to existing awards if an event has occurred which causes the Committee to consider that it would be appropriate to amend the performance conditions, provided the Committee considers the varied conditions are fair and reasonable and not materially less challenging than the original conditions would have been but for the event in question.

Vesting of awards

Awards normally vest three years after grant to the extent that the applicable performance conditions (see above) have been satisfied and provided the participant is still employed in the Company's group. Awards structured as options are then exercisable for six months following vesting unless they lapse earlier.

Holding period

Participants will normally be required to retain their net of tax number of vested shares (if any) delivered under the Plan (or the full number of the vested shares whilst held under an unexercised nil (or nominal) cost option where relevant) for at least three years from point of vesting.

Dividend equivalents

The Committee may decide that participants will receive a payment (in cash and/or Shares) on or shortly following the vesting of their awards, of an amount equivalent to the dividends that would have been paid on those Shares if they had been owned between the time when the awards were granted and the time when they vest. This amount may assume the reinvestment of dividends.

Leaving employment

As a general rule, an award will lapse upon a participant ceasing to hold employment or be a director within the Company's group. However, if a participant ceases to be an employee or a director because of his death, injury, disability, retirement or in other circumstances at the discretion of the Committee, then his award will vest on the date it would have vested had he not ceased such employment subject to (i) the performance conditions measured at that time; and (ii) the pro-rating of the award to reflect the reduced period of time between its grant and vesting, although the Committee can decide not to pro-rate an award if it regards it as inappropriate to do so in the particular circumstances.

Alternatively, the Committee can decide that the award will vest on the date the participant ceases to be an employee or director, subject to: (i) the performance conditions measured at that time; and (ii) pro-rating by reference to the time of cessation as described above.

Corporate events

In the event of a takeover or winding up of the Company (not being an internal corporate reorganisation) all awards will vest early subject to: (i) the extent that the performance conditions have been satisfied at that time; and (ii) the pro-rating of the awards to reflect the reduced period of time between their grant and vesting, although the Committee can decide not to pro-rate an award if it regards it as inappropriate to do so in the particular circumstances.

In the event of an internal corporate reorganisation awards will be replaced by equivalent new awards over shares in a new holding company unless the Committee decides that awards should vest on the basis which would apply in the case of a takeover.

If a demerger, special dividend or other similar event is proposed which, in the opinion of the Committee, would affect the market price of Shares to a material extent, then the Committee may decide that awards will vest on the basis which would apply in the case of a takeover as described above.

Clawback

The Committee may decide within two years of the vesting of an award that the award will be subject to clawback where there has been a material misstatement in the Company's financial results, an error in assessing any applicable performance condition or in the event of cessation of service resulting from misconduct involving dishonesty.

The clawback may be satisfied by reducing the extent to which subsisting awards vest and/or reducing the number of shares subject to a vested but unexercised option.

Participants' rights

Awards of conditional shares and options will not confer any shareholder rights until the awards have vested or the options have been exercised and the participants have received their Shares. Holders of awards of forfeitable Shares will have shareholder rights from when the awards are made except they may be required to waive their rights to receive dividends.

Rights attaching to Shares

Any Shares allotted when an award vests or is exercised will rank equally with Shares then in issue (except for rights arising by reference to a record date prior to their allotment).

Variation of capital

In the event of any variation of the Company's share capital or in the event of a demerger, payment of a special dividend or similar event which materially affects the market price of the Shares, the Committee may make such adjustment as it considers appropriate to the number of Shares subject to an award and/or the exercise price payable (if any).

Overall Plan limits

The Plan may operate over new issue Shares, treasury Shares or Shares purchased in the market.

In any ten calendar year period, the Company may not issue (or grant rights to issue) more than:

- (a) 10 per cent of the issued ordinary share capital of the Company under the Plan and any other employee share plan adopted by the Company; and
- (b) 5 per cent of the issued ordinary share capital of the Company under the Plan and any other executive share plan adopted by the Company.

Treasury Shares will count as new issue Shares for the purposes of these limits unless institutional investors decide that they need not count.

Alterations to the Plan

The Committee may, at any time, amend the Plan in any respect, provided that the prior approval of shareholders is obtained for any amendments that are to the advantage of participants in respect of the rules governing eligibility, limits on participation, the overall limits on the issue of Shares or the transfer of treasury Shares, the basis for determining a participant's entitlement to, and the terms of, the Shares or cash to be acquired and the adjustment of awards.

The requirement to obtain the prior approval of shareholders will not, however, apply to any minor alteration made to benefit the administration of the Plan, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or for any company in the Company's group. Shareholder approval will also not be required for any amendments to any performance condition applying to an award.

Overseas Plans

The shareholder resolution to approve the Plan will allow the Board to establish further plans for overseas territories, any such plan to be similar to the Plan, but modified to take account of local tax, exchange control or securities laws, provided that any Shares made available under such further plans are treated as counting against the limits on individual and overall participation in the Plan.