



CPPGROUP PLC
NOTICE OF ANNUAL GENERAL MEETING
16 June 2014

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the actions you should take, you are recommended to seek immediately your own advice from your stockbroker, solicitor, accountant or other appropriate independent professional adviser duly authorised under the Financial Services and Markets Act 2000. If you have sold or otherwise transferred all of your shares in CPPGroup Plc, please send this document, and the accompanying form of proxy, at once 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.

A form of proxy for the Annual General Meeting is enclosed. Whether or not you intend to be present at the meeting, please complete the form of proxy and return it in accordance with the instructions printed on it so as to reach the Company's registrar no later than 12.00 noon on 12 June 2014. Alternatively, you may register your proxy vote electronically, either by means of a website provided by the Company's Registrar at www.capitashareportal.com or, if you are a CREST member, by using the service provided by Euroclear. Further details are given in the notes to this document on pages 4 to 6. Completion and return of the form of proxy will not prevent you from attending and voting at the meeting in person, should you so wish.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting (the "**Meeting**") of CPPGroup Plc (the "**Company**") will be held at Holgate Park, York, YO26 4GA, at 12.00 noon on 16 June 2014 to consider and, if thought fit to pass, the following resolutions. It is intended to propose resolutions 12 to 14 (inclusive) as special resolutions. All other resolutions will be proposed as ordinary resolutions:

Ordinary Business

1. To receive and consider the reports of the Directors and the Auditor and the Financial Statements for the year ended 31 December 2013.
2. To approve the Directors' Remuneration Report, other than the part containing the Directors' remuneration policy, in the form set out in the Company's Annual Report & Accounts for the year ended 31 December 2013.
3. To approve the Directors' remuneration policy in the form set out in the Directors' Remuneration Report in the Company's Annual Report & Accounts for the year ended 31 December 2013.
4. To elect Brent Escott as a Director of the Company.
5. To elect Craig Parsons as a Director of the Company.
6. To elect Shaun Astley-Stone as a Director of the Company.
7. To elect Ruth Evans as a Director of the Company.
8. To re-appoint Deloitte LLP as auditor of the Company to hold office from the conclusion of the Meeting until the next Annual General Meeting at which the accounts are laid before the Company.
9. To authorise the Directors to set the auditor's remuneration.

Special Business

To consider and, if thought fit, to pass the following resolutions, of which resolutions 10 and 11 will be proposed as ordinary resolutions and the resolutions numbered 12 to 14 (inclusive) will be proposed as special resolutions.

10. That the Company be and is hereby generally and unconditionally authorised for the purposes of sections 366 and 367 of the Companies Act 2006 (the "**Act**") to incur political expenditure up to an aggregate amount not exceeding £50,000 during the period beginning with the date of the passing of this resolution and expiring on 15 September 2015 or, if earlier, at the conclusion of the next Annual General Meeting of the Company to be held in 2015. For the purposes of this resolution "political expenditure" has the same meaning ascribed thereto in section 365 of the Act.
11. That pursuant to Section 551 of the Act the Directors be, and they are, hereby generally and unconditionally authorised to exercise all of the powers of the Company to allot and grant rights to subscribe for, or convert any security into, Ordinary Shares of 10 pence each in the capital of the Company (the "**Ordinary Shares**") up to a maximum nominal amount (within the meaning of section 551(3) and (6) of the Act) of £5,662,922 to such persons at such times and on such terms as they think proper during the period from the passing of this resolution and expiring on 15 September 2015 or at the conclusion of the next Annual General Meeting of the Company to be held in 2015 (or any adjournment thereof), whichever is the earlier, save that the Company may before such expiry, make an offer or agreement which would or might require Ordinary Shares to be allotted after such expiry and the Board may allot Ordinary Shares in pursuance of such offer or agreement as if the authority conferred hereby had not expired.
12. That subject to the passing of the resolution numbered 11 set out above, the Directors be, and they are, hereby generally

authorised pursuant to section 571 of the Act to allot for cash or otherwise equity securities (as defined in section 560 of the Act) of the Company pursuant to the authority conferred by resolution 11 set out above as if section 561 of the Act did not apply to such allotment or sale provided that this power shall be limited:

- (a) to the allotment of equity securities for cash in connection with or pursuant to an offer by way of a rights issue, open offer or otherwise in favour of the holders of Ordinary Shares where the equity securities respectively attributable to the interests of all such shareholders are proportionate (as nearly as may be practicable) to the respective numbers of Ordinary Shares held by them on the record date for such allotment but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under the laws of, or the requirements of, any recognised regulatory body or any stock exchange in any territory or any other matter whatsoever;
- (b) to the allotment of equity securities (otherwise than pursuant to subparagraph (a) above, pursuant to the terms of any share schemes for directors and employees of the Company or any of its subsidiaries approved by the Company in general meeting; and
- (c) to the allotment otherwise than pursuant to subparagraphs (a) and (b) above of equity securities not exceeding in aggregate the nominal amount of £858,018, being an aggregate nominal amount equal to 5% of the aggregate nominal amount of the share capital of the Company as at 7 May 2014.

Provided further that the authority hereby granted shall expire (unless renewed, varied or revoked by the Company) on 15 September 2015 or at the conclusion of the next Annual General Meeting of the Company to be held in 2015 (or any adjournment thereof), whichever is the earlier, save that the Company may, before such expiry, make any offer or agreement which would or might require equity securities to be allotted or rights to be granted after the expiry of such power and the directors may allot shares, or grant rights to subscribe for or to convert any securities into shares, in pursuance of any such offer or agreement as if the authorisations conferred hereby had not expired.

13. That the Company is hereby generally and unconditionally authorised for the purposes of Section 701 of the Act to make market purchases (within the meaning of Section 693(4) of the Act) of any of its Ordinary Shares on such terms and in such manner as the directors may from time to time determine, provided that:
 - (a) the maximum number of Ordinary Shares which may be purchased is 17,160,370 being approximately 10% of the issued share capital of the Company at 7 May 2014;
 - (b) the minimum price (excluding any expenses) which may be paid for each Ordinary Shares is 10 pence per Ordinary Share;
 - (c) the maximum price (excluding any expenses) which may be paid for each Ordinary Share is the higher of:
 - i. the amount equal to 5% above the average of the middle market quotations for the Ordinary Shares as derived from the London Stock Exchange plc's Daily Official List for the five business days immediately preceding the day on which such share is contracted to be purchased; and
 - ii. the value of each Ordinary Share on the basis of the higher of the price quoted for:
 - (A) the last independent trade of; and

- (B) the highest current independent bid for any number of the Ordinary Shares on the trading venue where the purchase is carried out;
 - (d) the authority hereby conferred shall expire on 15 September 2015 or at the conclusion of the next Annual General Meeting of the Company to be held in 2015 (or any adjournment thereof) , whichever is the earlier, unless such authority is renewed, revoked, or varied, prior to such time; and
 - (e) the Company may, before this authority expires, make a contract to purchase Ordinary Shares under the authority which would or might be executed wholly or partly after the expiry of such authority, and may make purchases of Ordinary Shares pursuant to any such contract as if this authority had not expired.
14. 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

Lorraine Beavis
Company Secretary
CPPGroup Plc

Registered office:
Holgate Park
York
YO26 4GA

Registered in England and Wales No 07151159

12 May 2014

Registrar: Capita Asset Services, The Registry, 34 Beckenham Road,
Beckenham, Kent BR3 4ZF.

Notes to the Notice of Annual General Meeting

Entitlement to attend and vote

1. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that in order to have the right to attend and vote at the Annual General Meeting (and also for the purpose of determining how many votes a person entitled to attend and vote may cast), a person must be entered on the register of members of the Company at 6.00 p.m. on 12 June 2014 or, in the event of any adjournment, at 6.00 p.m. on the date which is two business days before the day of the adjourned meeting. Changes to entries on the register of members after this time shall be disregarded in determining the rights of any person to attend or vote at the meeting.

Appointment of proxies

2. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint another person or persons as your proxy or proxies to exercise all or any of your rights to attend, speak and vote at the meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by you. A proxy form for the meeting is enclosed. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
3. Completion of a proxy form, or other instrument appointing a proxy or any CREST Proxy Instruction (as defined below) will not preclude a member from attending and voting in person at the meeting if he/she wishes to do so.
4. If you are not a member of the Company but you have been nominated by a member of the Company to enjoy information rights, you do not have a right to appoint any proxies under the procedures set out in this Appointment of proxies section. Please read the section "Nominated persons" below.
5. A proxy does not need to be a member of the Company but must attend the meeting to represent you. Details of how to appoint the chairman of the meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the meeting you will need to appoint your own choice of proxy (not the chairman) and give your instructions directly to them.
6. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, each different proxy appointment form must be received by the Company's Registrar at: Capita Registrars, PXS1, 34 Beckenham Road, Beckenham, Kent, BR3 4ZF no later than 48 hours before the time appointed for the meeting (excluding non-working days).
7. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If you select the "Discretionary" option or no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.

Appointment of proxy using hard copy proxy form

8. The notes to the proxy form explain how to direct your proxy to vote on each resolution or withhold their vote.

To validly appoint a proxy using this form, the form must be:

- completed and signed by the appointer or their duly authorised attorney;

- received by post or by hand (during normal business hours only) together with any power of attorney or other authority under which it is signed or a notarially certified copy of such power or a copy certified in accordance with the Power of Attorney Act 1971 or in some other manner approved by the directors, by the Company's Registrar at: Capita Asset Services, PXS1, 34 Beckenham Road, Beckenham, Kent, BR3 4ZF; and
- received by Capita Asset Services not less than 48 hours before the time appointed for the meeting (excluding non-working days).

In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of that company or an attorney for that company.

Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

Electronic appointment of proxies

9. As an alternative to completing the hard copy proxy form, you can appoint a proxy electronically by using the share portal service at www.capitashareportal.com. For an electronic proxy to be valid, your appointment must be received by the Company's Registrar no later than 48 hours before the time appointed for holding the meeting (excluding non-working days).

Appointment of proxies through CREST

10. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by utilising the procedures, and to the address, described in the CREST Manual available via www.euroclear.com/CREST subject to the provisions of the Company's Articles of Association. 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 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. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID **RA10**) no later than 48 hours before the time appointed for holding the meeting (excluding non-working days). For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service provider(s) should take 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 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.

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.

Appointment of proxy by joint members

11. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

Changing proxy instructions

12. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. The cut-off time for receipt of proxy appointments (see above) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where you have appointed a proxy using the hard copy proxy form and you would like to change the instructions using another hard copy proxy form, please contact the Company's Registrar.

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

13. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to the Company's Registrar. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

The revocation notice must be received by Capita Asset Services no later than 48 hours before the time appointed for holding the meeting (excluding non-working days).

If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person your proxy appointment will automatically be terminated.

Issued shares and total voting rights

14. As at 7 May 2014, being the last practicable date prior to the publication of this notice, the Company's issued share capital comprised 171,603,698 Ordinary Shares of 10 pence each. Each Ordinary Share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 7 May 2014 is 171,603,698.

Website publication of audit concerns

15. Under section 527 of the Act members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Act, (in each case) that the members propose to raise at the Annual General Meeting. The Company may not require the members requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Act. Where the Company is required to place a statement on a website under section 527 of the Act, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the meeting includes any statement that the Company has been required under section 527 of the Act to publish on a website.

A member wishing to request publication of such a statement on the Company's website must send the request to the Company using one of the following methods:

- in hard copy form to the Company Secretary, CPPGroup Plc, Holgate Park, York, YO26 4GA. The request must be signed by you; or
- by fax to 01904 544558 marked for the attention of the Company Secretary.

Whichever form of communication is chosen, the request must:

- either set out the statement in full or, if supporting a statement sent by another member, clearly identify the statement which is being supported; and
- be received by the Company at least one week before the meeting.

Nominated persons

16. If you are a person who has been nominated under section 146 of the Act to enjoy information rights (a "**Nominated Person**"):

- You may have a right under an agreement between you and the member of the Company by whom you were nominated to have information rights (the "**Relevant Member**") to be appointed (or to have someone else appointed) as proxy for the Annual General Meeting.
- If you either do not have such a right or if you have such a right but do not wish to exercise it, you may have a right, under an agreement between you and the Relevant Member, to give instructions to the Relevant Member as to the exercise of voting rights.
- Your main point of contact in terms of your investment in the Company remains the Relevant Member (or, where applicable, your custodian or broker) and you should continue to contact them (and not the Company) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from you.

The statement of the above rights of the members in relation to the appointment of proxies does not apply to Nominated Persons. Those rights can only be exercised by members of the Company.

Notes to the Notice of Annual General Meeting *continued*

Documents on display

17. Copies of Directors' service contracts, non-executive directors' letters of appointment and the Company's articles of association will be available for inspection during normal business hours at Holgate Park, York, YO26 4GA from the date of this notice until the close of the meeting (Saturdays, Sundays and public holidays excepted) and will be available for at least 15 minutes prior to the meeting and during the meeting.
18. Biographical details of those directors being put forward for election are contained in the Corporate Governance Report on pages 30 and 31 of the Report and Financial Statements.

A copy of this notice, and the other information required by section 311A of the Companies Act 2006, can be found at www.cppgroupplc.com.

Communication

19. Except as provided above, members who wish to communicate with the Company in relation to the meeting should contact the Company Secretary, by writing to the registered office of the Company. No other methods of communication will be accepted. Shareholders may not use any electronic address provided either in this notice of general meeting or any related documents (including the proxy form), to communicate with the Company for any purposes other than those expressly stated.

Corporations which are members

20. 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.

Asking questions at the Annual General Meeting

21. Any member attending the Annual General Meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

Members' Rights

22. Under section 338 and section 338A of the Companies Act 2006, members meeting the threshold requirements in those sections have the right to require the Company (i) to give to members of the Company entitled to receive notice of the Annual General Meeting, notice of a resolution which may properly be moved and is intended to be moved at the meeting and/or (ii) to include in the business to be dealt with at the meeting any matter (other than a proposed resolution) which may be properly included in the business. A resolution may properly be moved or a matter may properly be included in the business unless (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise), (b) it is defamatory of any person, or (c) it is frivolous or vexatious. Such a request may be in hard copy form or in electronic form, must identify the resolution of which notice is to be given or the matter to be included in the business, must be authorised by the person or persons making it, must be received by the Company not later than the date 6 clear weeks before the meeting, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.

Explanatory notes

1 Resolution 1: Financial Statements

For each financial year the Directors are required to present the audited financial statements, the Directors' Report and the Auditor's Report to the shareholders at a general meeting. Once the resolution to receive the financial statements has been proposed, and before a vote is taken, the Chairman will invite questions from shareholders on the financial statements and any other matters relating to the Company's business.

2 Resolutions 2 and 3: Directors' Remuneration Report

There are new requirements this year in relation to the content and the approval of the Directors' Remuneration Report, following changes made to the Companies Act 2006 (the Act). In accordance with the new Act provisions, the Directors' Remuneration Report contains:

- a statement by Ruth Evans, Chair of the Company's Remuneration Committee;
- the Directors' remuneration policy which sets out the Company's proposed policy in relation to future payments to Directors (including the approach to exit payments to Directors); and
- the annual report on remuneration, which details payments made in the financial year ending 31 December 2013 and sets out how the policy (if approved) will be implemented in 2014.

The statement by the Remuneration Committee Chair and the annual report on remuneration will, as in previous years, be put to an annual advisory shareholder vote by ordinary resolution. The policy section of the Directors' Remuneration Report is subject to a binding shareholder vote by ordinary resolution at least every three years.

The Directors' Remuneration Report is set out in full in pages 41 to 53 of the Annual Report & Accounts 2013.

Resolution 2 is the ordinary resolution to approve the Directors' Remuneration Report, other than the part containing the Directors' remuneration policy, in the form set out in the Company's Annual Report & Accounts for the year ended 31 December 2013.

Resolution 3 is the ordinary resolution to approve the Directors' remuneration policy in the form set out in the Directors' Remuneration Report in the Company's Annual Report & Accounts for the year ended 31 December 2013.

As noted in the Directors remuneration policy on page 43 of the Annual Report & Accounts the Directors' remuneration report will, subject to shareholder approval, come into effect immediately following the Annual General Meeting. Once the policy commences, all payments by the Company to the Directors or any former directors must be made in accordance with the policy (unless a payment has been separately approved by a shareholder resolution).

If the Directors' remuneration policy is approved and remains unchanged, it will be valid for up to three financial years without a new shareholder approval. If the Company wishes to change the Directors' remuneration policy, it will need to put a revised policy to a vote again before it can be implemented.

If the Directors' remuneration policy is not approved for any reason, the Company will, if and to the extent permitted by the Act, continue to make payments to Directors in accordance with existing contractual arrangements and will seek shareholder approval for a revised policy as soon as is practicable.

3 Resolutions 4 to 7: Re-election and election of directors

The Company's Articles of Association require that newly appointed Directors offer themselves for election at the first Annual General Meeting following their appointment and that all Directors stand for re-election at least once every three years.

Accordingly, Brent Escott, Craig Parsons, Shaun Astley-Stone and Ruth Evans will seek election for the first time at the 2014 Annual General Meeting.

Duncan McIntyre took over as Chairman in January 2014 with the support of the Group's majority shareholders. Les Owen has indicated his intention to retire from the Board once a successor has been identified.

The Board believes that its performance continues to be effective and that the election of Directors is consistent with the Board's evaluation of the size, structure and composition of the Board.

Biographical details of all Directors are set out on pages 30 and 31 of the Annual Report & Accounts.

4 Resolutions 8 and 9: Re-appointment and remuneration of auditors

At each Annual General Meeting the Company is required to appoint an auditor to serve until the next such meeting. Deloitte LLP has expressed its willingness to continue in office for a further year. Resolution 8 proposes the re-appointment of Deloitte LLP and resolution 9 proposes that, in accordance with normal practice, the Directors should be authorised to agree the fees of the auditor.

5 Resolution 10: Political Donations

Section 378 of the Companies Act 2006 prohibits a company and its subsidiaries from making donations of more than £5,000 in any twelve month period to a political party or other political organisations or to an independent election candidate, unless they have been authorised to make donations by the Company's shareholders.

The Company has a policy that it does not make donations to political parties, political organisations or independent election candidates and the Board will not use these authorities, if given, to do so. However, the Companies Act 2006 includes broad and ambiguous definitions of political donations and expenditure, which may have the effect of covering some normal business activities, for example, funding seminars and other functions to which politicians may be invited, supporting certain bodies involved in policy review and law reform, and matching employees' donations to certain charities, and this therefore presents potential for inadvertent or technical breach. The Board therefore considers that it would be prudent to obtain shareholder approval for the Company to make donations to political parties, political organisations and independent election candidates to incur political expenditure up to the specified limit in the forthcoming year in case any of its normal activities are caught by the legislation.

6 Resolutions 11 (Authority to allot shares) and 12 (Disapplication of pre-emption rights)

Under the Act your directors may allot shares and grant rights to subscribe for, or convert any security into shares, only if authorised to do so by the Company's shareholders. The Act also prevents allotments for cash, other than to existing shareholders in proportion to their existing shareholdings (what are known as "pre-emptive rights"). The authority granted by a shareholders' resolution dated 17 June 2013 is due to expire at the conclusion of this year's Annual General Meeting. Accordingly, resolution 11 will be proposed to allot Ordinary

Explanatory notes *continued*

Shares up to a maximum nominal amount of £5,714,403 representing approximately one third (33.3%) of the Company's existing issued share capital and calculated as at 7 May 2014 (being the latest practicable date prior to publication of this document).

Under resolution 12, the directors will be able either to issue shares for cash, other than to existing shareholders in proportion to their existing holdings, up to a maximum amount of £858,018 representing approximately 5% of the issued ordinary share capital or in a rights or other pre-emptive issue. These arrangements are intended to ensure that the interests of existing shareholders are protected so that, for example, in the event of an issue of new shares for cash to new shareholders, which is not a rights issue, the proportionate interest of existing shareholders could not, without their agreement, be reduced by more than 5%.

In compliance with the Statement of Principles issued by the Pre-Emption Group of the Association of British Insurers, it is the intention of the Company that the cumulative usage of the authority granted by resolution 12 within a rolling three year period shall not exceed 7.5% of the Company's issued share capital without prior consultation with shareholders.

Passing resolutions 11 and 12 will extend the Directors' Flexibility to act in the best interests of shareholders, when opportunities arise, to issue new shares. Save for the allotment of shares pursuant to the Company's existing share option schemes, the Directors have no intention at this time to allot shares pursuant to the passing of these resolutions. To reflect market practice, the Company has widened the potential offers that could benefit from a disapplication of the pre-emptive provisions of Section 561(1) of the Act to include open offers in addition to rights issues or other pro-rata offers.

As at the date of this notice the Company holds no treasury shares.

The authorities sought by resolutions 11 and 12 will last until the conclusion of the next Annual General Meeting in 2015 or 15 September 2015 (whichever is the earlier).

7 Resolution 13: Purchase of own shares

This resolution will give the Company authority to purchase its own shares in the markets up to a limit of (10%) of its issued ordinary share capital. The maximum and minimum prices are stated in the resolution. Your Directors believe that it is advantageous for the Company to continue to have this flexibility to make market purchases of its own shares. The authority sought by resolution 13 will last until the conclusion of the next Annual General Meeting to be held in 2015 or 15 September 2015 (whichever is the earlier). The Directors have no intention at this time to purchase any shares pursuant to the passing of this resolution, and would only do so if they are satisfied that a purchase would result in an increase in expected earnings per share and would be in the interests of shareholders generally.

As at 7 May 2014, (being the latest practicable date prior to the publication of the notice of annual general meeting), the total number of options that were outstanding to subscribe for ordinary shares in the Company amounted to 9,364,789. This represented 5.46% of the Company's issued ordinary share capital on that date. If this authority to purchase shares was exercised in full, the options would represent 6% of the issued share capital at 7 May 2014.

In the event that shares are purchased under this authority, they would either be cancelled (and the number of shares in issue would be reduced accordingly) or, in accordance with the Act, be retained as treasury shares. The Company will consider

holding repurchased shares pursuant to the authority conferred by this resolution as treasury shares. This would give the Company the ability to re-issue treasury shares quickly and cost effectively and would provide the Company with additional flexibility in the management of its capital base.

8 Resolution 14: the holding of a general meeting on 14 clear days' notice

Section 307(A) of the Act provides that general meetings of traded companies (other than Annual General Meetings) may only be held on 14 (rather than 21) clear days' notice if the following conditions are met (Annual General Meetings will continue to be held on at least 21 clear days' notice):

- (a) the relevant company allows members to vote electronically; and
- (b) a special resolution has been passed either at the immediately preceding Annual General Meeting of the relevant company, or at a subsequent general meeting, reducing the notice period required for general meetings to not less than 14 clear days.

Resolution 14, if approved, will allow the Company to call general meetings on 14 clear days' notice, although the Directors would only seek to call a meeting on less than 21 days' notice where the proposals are time sensitive and the short notice would clearly be to the advantage of shareholders as a whole. Such circumstances may arise, for example, where due to extraneous circumstances, the Company is required to undertake an urgent capital raising exercise. In these circumstances, the Company is confident that a facility to permit electronic voting can be made available to all of the Company's shareholders.

Recommendation

Your Directors believe that all the proposed resolutions to be considered at the Annual General Meeting as set out in this document are in the best interests of the Company and its shareholders as a whole. Accordingly, your Directors unanimously recommend that you vote in favour of them.